

JPRS-EER-92-007
16 JANUARY 1992



JPRS Report

East Europe

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JPRS-EER-92-007

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BZNS-NP Reorganizes, Elects Officials

92BA0148A Sofia NARODNO ZEMEDEL'SKO
ZNAME in Bulgarian 29 Oct 91 pp 1, 3

[Article by Tsanko Tsanov: "The Balance Has Been Struck, and Now—to Work"]

[Text]

- On 26 and 27 October, meetings of the Administrative Council of the Bulgarian National Agrarian Union—Nikola Petkov [BZNS-NP] were held.
- A new standing committee was elected.
- The decision was made to call an extraordinary union congress.

Iliya Danov, the chairman of the Administrative Council, opened the meetings on Saturday at 1000 with the words, "The meetings of the Administrative Council are brought about because of the postelection situation in the country and the condition of our organization. To those who have entered this hall with disbelief and lost courage, I would like to remind you of 9 June 1923, when our organization was massacred, and 1925, when those who had not been massacred were slaughtered. After that, in 1931, this organization won the elections, participated in the government, and governed Bulgaria. I underline that as a historic moment. We, the agrarians of today, after 45 years of persecutions and imprisonments, facing the downfall of communism, have no reason to cherish any doubt in the final victory of the union."

The Administrative Council decided to meet with the following agenda:

1. A reading of the resolutions of the Administrative Council from the meetings between 31 August and 1 September 1991.
2. The election of a commission for a declaration on the decisions of the present meetings.
3. Reports by the chief secretary, the organizational secretary, and the members of the Standing Committee.
4. Reports by the members of the Administrative Council by regions.
5. A report by the preelectoral staff.
6. Debates on the reports and resolutions.
7. The passage of a declaration on the resolutions.

The Administrative Council ruled that all members of the Administrative Council of the [BZNS-NP] organization abroad, who were located in Bulgaria during the Administrative Council sessions, could participate in the meetings with the right to vote. This time Dimitur Krustev, Zdravko Purvanov, Nikola Bezhaniski from Germany, and Dimitur Burgazov from Australia attended.

The Administrative Council co-opted Associate Prof. Pantaley Radulov and Eng. Georgi Manov for its members.

The chairman of the BZMS [Bulgarian Youth Agrarian Union], Balcho Balchev, also took part in the work of the Administrative Council. It was voted that Velin Kerimov, former representative of the Agrarian Union in the SDS [Union of Democratic Forces], should also attend.

Declarations were read to the Administrative Council by local party groups from Yambol, the "Poduyane" township in Sofia, and Panagyurishte and the village Khristo Milevo, near Plovdiv, which mainly demanded the dismissal of the Standing Committee and the convening of an extraordinary congress.

The chief secretary, Milan Drenchev, began his report with the words, "I consider today's and tomorrow's meetings a continuation of the meeting of 1 September. We know what we decided at that time. It remains for us to make an analysis of the consequences after the elections." He went on to underline the objective and subjective reasons for the election failure of the union. His conclusion was that "in the SDS they don't like us. We were tolerated only in words." Mr. Drenchev also reported on some of his meetings after the elections, from which it was clear that probes were being made for BZNS-NP representatives to eventually participate at a lower level in the government or power structures. The Standing Committee also received proposals for the unification of the nonparliamentary central forces.

Concerning the state and future of the organization, the chief secretary feels that "our name will return for several months. But we must take measures and prepare the organization. The purity of our ranks is important."

In his report, the organizational secretary, Lyuben Bozhilov, also presented numerical data that outlined very well where and how the local agrarian party groups had worked before and during the elections. Yambol reached the highest percent in the elections, with 7.2, and the Plovdiv region, with 7.1. On the other hand, the Plovdiv district was in first place for the total number of voters, with over 19,000, followed by Stara Zagora, with over 16,000, and Pleven, with close to 15,000. The results in Kurdzhali are interesting. In this region, which was difficult for every party except the Movement for Rights and Freedoms, there were three and a half times as many voters for the BZNS-NP as there were local party members.

Eng. Georgi Manov read the report of the Central Party staff. In an extraordinarily short period of time, the staff was forced to reorganize from being subordinate to the SDS to being an independently acting unit. In the preelection campaign, the BZNS-NP spent only 350,000 leva. In comparison, 1 million copies were printed of just one SDS preelection poster, which cost 3 leva each. It was reported that some of the "permanent employees of the Standing Committee worked like clerks and not like members of the Agrarian Union."

In his speech, Iskur Shumanov, Standing Committee member and chief editor of the union publication, began by saying that the "newspaper NARODNO ZEMEDEL'SKO ZNAME has as its function to popularize the policy and life of the organization and agrarian knowledge." In broad terms, the newspaper succeeds in coping with its tasks, despite the financial difficulties and lack of prepared union personnel.

Standing Committee members Zlati Angelov and Lilo Lilov reviewed the financial state of the organization. The union till, though not rich, is in order.

Georgi Pinchev and Zheko Stoyanov addressed the ideological and political work of the Standing Committee.

Ivan Yotov, Petko Iliev, and Petur Paskov also reported on their work on the Standing Committee. Kiril Rashkov was absent.

From the self-critical analysis, it was clear that the Standing Committee, in its present composition and work thus far, has not succeeded in carrying through the resolutions of the Administrative Council. Four of the members offered their resignations.

Toward the end of Saturday's session, speeches by members of the Administrative Council began, according to district. This continued into the morning session on Sunday, led by the subchairman of the Administrative Council, Rusi Karapetkov. These people took the floor: Nikodim Popov, Milcho Dimitrov, Marin Dinchev, Petko Vasilev, Zdravko Sokolchev, Stoyan Pukov, Stefan Smokov, Balcho Balchev, cochairman of the BZMS, Simeon Khristov, Dimitur Burgazov, Dimitur Krustev, Georgi Bozhkov, Rusi Karapetkov, Georgi Daskalov, Krum Khorozev, Tako Karaivanov, Angel Donovan, Milcho Yovchev, Vasil Enchev, Tsvetan Petrov, Stefan Lichev, Petko Noshkov, Stoyan Khristov, Peyko Gechev, Todor Kavaldzhiev, Ivan Nevrokopski, Georgi Boradzhiev, Iliya Danov, Slavka Buchvarova, Todor Semkov, Georgi Dzhodzhev, Dimitur Bozhanov, Atanas Zhelezchev, and Georgi Pinchev. Sixteen of those registered declined to take the floor because of the late hour.

The chief secretary, the organizational secretary, and the members of the Administrative Council responded to questions posed them.

From all of the reports and speeches, it was clear that the forced departure from the SDS was correct—in this way our organization preserves its form—but it was declared as untimely (the departure should have taken place either much earlier or after the elections), the representation in the elections was described as a failure, we should not participate in the composition of the new government, and the organization should support this to the extent, and until, a national policy is conducted, in accordance with the program of the BZNS-NP, the organization must be strengthened—to do this, we will hold local party and general meetings, it is imperative to improve the work of the Administrative Council and the

Standing Committee, it is advisable to organizationally support and expand the influence of the BZMS; we must work for the unity of the sound agrarian forces; the need to convene an extraordinary congress is urgent.

At the afternoon session, the Administrative Council approved the resignation of the Standing Committee with 61 votes for and 28 against, one abstention, and two invalid votes. From 20 nominations, after five persons declined, a new Standing Committee was elected by secret ballot, the names of which are published in the resolution [see box].

A 15-member committee was elected with 45 votes for and 29 against and will work for the unity of the agrarian forces.

At the end, a resolution was passed for a two-day meeting of the Administrative Council. The balance has been struck.

The members of the Administrative Council dispersed encouraged and assured of the improved work of the fresh leadership of the organization. And that is what all members of the agrarian union expect.

And now—to work!

[Box, p. 1]

Resolution

At its meeting on 26 and 27 October 1991, the Administrative Council of the BZNS-NP, after a deep analysis of the union's election results, obtained in the parliamentary and township elections held on 13 October 1991, decided the following:

1. It approves the resignation of the Standing Committee of the BZNS-NP.
2. It elects a new Standing Committee, as follows:
 - Milan Drenchev—chief secretary
 - Iskur Shumanov—chief editor of the newspaper NARODNO ZEMEDEL'SKO ZNAME
 - Petko Vasilev
 - Georgi Manov
 - Georgi Pinchev
 - Stefan Lichev
 - Petko Iliev
 - Matey Astardzhiev
 - Zheko Stoyanov
 - Angel Donovan
 - Todor Kavaldzhiev
3. It convenes a meeting of the Administrative Council on 23 and 24 November 1991, dedicated to the technical organization of an extraordinary congress, which will be conducted in accordance with the statutes.
4. It elects a commission, which is to work for the unity of the agrarian forces, as follows: Georgi Pinchev, Zheko Stoyanov, Tsvetan Petrov, Aleksandur Pizhev, Georgi

Dzhodzhev, and Georgi Daskalov. The commission will be directed by the Administrative Council.

The chief secretary, elected at the congress, and the chief editor of the union publication were not eligible for election.

Opinions on Ethnic Turkish Question

Presidential Adviser

92BA0153A Sofia DEMOKRATSIYA in Bulgarian
12 Nov 91 p 4

[Interview with Mikhail Ivanov, presidential adviser on nationality problems, by Stoyana Georgiyeva, place and date not given. "Will We Allow the Ethnic Tension To Turn Into an Ethnic Crisis?"]

[Text] "At the moment, you cannot say that we have an ethnic crisis in our country, but the existing ethnic tension may turn into a crisis," Mr. Mikhail Ivanov, presidential adviser on national problems, thinks. "The recent pronouncements of Dr. Zhelyn Zhelev in connection with ethnic relations are an important preventative step toward the possible dangerous development of the process," Mr. Ivanov adds.

We are faced with

Objective Facts

"People with different ethnic self-awareness, with different cultural characteristics, live in our country. The 500 years of Turkish slavery is a fact, and the memories of the cruelties of the Balkan and World Wars are alive," Mr. Ivanov continued. "In considering the events of today, one must not ignore the economic conditions in the so-called regions with mixed populations. Large-scale production shutdowns and severe unemployment usually are accompanied by social tension and conflicts. And, yet, the factor that has played the deciding role for complicating ethnic relations today is the criminal forced

Assimilation Policy

of the former Communist regime," Mr. Mikhail Ivanov emphasizes. "This consistently pursued policy led to serious cataclysms in the previously peaceful border regions of Bulgaria. It alienated Bulgarians from Turks, Christians from Moslems. Here must be sought the causes that gave rise to the Movement for Rights and Freedoms (DPS). The DPS is a political organization that arose as an antithesis to the outrages, serious affronts, and sense of powerlessness with which the Bulgarian Turks and Moslems lived. They lost faith that they could solve their problems in any social or political formation directed by Bulgarians. The continued stimulation of hostile moods has provoked the unavoidable response reaction of self-preservation, reticence, and loss

of confidence toward the Bulgarian population. This is the greatest crime of the Communist regime," Mr. Ivanov considers.

"It is said that the DPS had as a predecessor an illegal Turkish organization led by Dogan. It did, and it was not the only one," Mr. Ivanov specifies. In a conversation with him, Haim Pasac, leader of another illegal organization, shared the information that the decision to create his own political formation dates from the prison where he and his followers had been cruelly beaten and morally tormented. "In these cases, it is not the point to speak about some foreign agency but about a response reaction in answer to demonstrated force," says Mikhail Ivanov.

After 10 November, the Bulgarian Turks and Moslems were seized by the intoxicating hope that their human rights would be restored without hindrance. However, the opposite happened. The year 1990 was begun with meetings and slogans: "The Turks—to Turkey," "Bulgaria for the Bulgarians." Some of the organizers of these actions already are in parliament as deputies, elected with the red ballot. You will recall Mr. Mincho Minchev and Mr. Gincho Pavlov—the initiator and the leader of the so-called unfenced republic.

On 5 March 1990, after enormous opposition, organized by the Fatherland Labor Party (OPT) (today in coalition with the BSP [Bulgarian Socialist Party]), a law was passed by which the right of a free choice of name was restored.

"The problem of the basic human right of any citizen to study his mother tongue has turned into a serious political problem," recalls Mr. Ivanov.

For this reason, the solution of all basic problems, referring to the preservation and development of ethnic originality, met opposition, which on its part led to consolidation of the Bulgarian Turks and Moslems. In their consciousness, the DPS is connected with the hope for restoration of their basic human rights.

"The processes of the DPS have their dynamics," Mr. Ivanov points out. "The pressure exerted on the movement stimulated the manifestation of certain radical tendencies in its actions. The organized boycott of school lessons in the regions with mixed population is indicative. Moslems whose mother tongue is Bulgarian also are involved in the action. These are people with a swayable self-consciousness, who have lived through a deep crisis connected with their identity. Personally, for me it is unacceptable," continues Mr. Ivanov, "to turn their spirit to the area of political struggles."

The struggle between

The DPS and the Preelection Alliance of the BSP

imposed by the BSP in the recent preelection campaign has greatly increased ethnic tension. This led to the conquest of the political space in the mixed regions by these two formations. I would not blame the DPS for

bearing the entire responsibility for the relationship that has been developed," noted Mr. Ivanov. "Anyone would be convinced of that if he merely looked at the headlines on the front page of DUMA in the week before the elections. Specific word combinations, connected with Turkey, Turks, Dogan, and so forth, continuously assailed the reader's consciousness."

"In all cases, independent political activity, bound up with protecting the interests of only a particular ethnic or religious group, is not a natural phenomenon for a peaceful, stable, democratic society. The problem is to eliminate the causes leading to political activity of this kind. These people need to have

Internal Motivation

in order to reject independent political activity. It would be hard to straighten out the problems by means of prohibition and external pressure," emphasizes Mr. Ivanov.

He supports the idea of Nikolay Kolev-Bosiya for a roundtable talk at which the nationality problems are to be discussed thoroughly and in perspective. "Experts from Dr. Zhelev's team are ready to present information and expert materials and to be included in the initiation of a committee for preparing a forum. This will work on two levels. The first, with the participation of representatives from different political parties. The second, expert scientific analysis, which will use the politicians in making decisions. This roundtable talk would not need to be a one-time thing but a process that would help democratization. It must be approached attentively, with much tact, patience, and pure intentions," Mikhail Ivanov said in conclusion.

SDS Supporter

92BA0153B Sofia DEMOKRATSIYA in Bulgaria
12 Nov 91 p 4

[Article by Arzu Takhirova. "We Are Part of the People. Set Out on the Road to Democracy"]

[Text] I voted with the blue ballot. I say it to all those who were left with the erroneous impression that on 13 October Bulgarian Turks voted with the white ballot of the Movement for Rights and Freedoms (DPS). I declare to all of my compatriots, who see in almost every Bulgarian citizen of Turkish descent a "necessary sinner," potentially useful until yesterday, but, today already, a true "traitor to the national interests" that I do not cherish Bulgaria less than they do.

I voted with the blue ballot because, with mind and heart, I hold to the "blue" idea, which on election day united thousands of my compatriots, adherents of democracy. I reached for it with a clear conscience and without any vacillation because democrats in the true sense of the word such as Blaga Dimitrova, Mikhail Nedelchev, Radoy Ralin, Asen Agov, and many others more than once, when cries of nationalism were being

raised, demonstrated to me their citizen's and human solidarity and asserted it, risking incurring serious accusations of "treason and Turkophilia."

I did not vote with the ballot of the DPS in spite of the fact that I am a representative of the Turkish ethnic group, which is numerically the largest ethnic group in our country. However, thousands of others supported the candidates of the movement. Many people are disturbed by the monolithic unity of the DPS, which assured them the election victory. Now they are capitalizing on the manifestation of that unity, which at first glance creates the impression of manipulation of the Turkish population. And I was of the same opinion, but the last several trips to the so-called Turkish regions induced me to believe that the majority of the population there actually saw in the DPS the only real and sure protector of their rights, which had been taken away and not yet returned.

The Bulgarian Turks followed with unflagging interest and anxiety the unending and futile debates on the nationality problem in the parliament, and read in the newspapers and heard on the radio and television that they are "Bulgarian citizens with Islamic faith," "Bulgarian Moslems," and "Turkish-speaking fellow citizens." They heard all kinds of insults and, what is more important, they became convinced, in practice, that, when there is talk of restoration of their constitutional rights as citizens of this country, all political predilections give way before "fear of the Turkish hegemony."

Unfortunately, however, the memory of the January events of 1990 is still fresh. And the "Razgrad Republic," and the occupation strikes in Kurdzhali and Razgrad? And the insinuations, to which the journal DUMA often resorted when needed with their runners-up—the nationalistic publications—in order to foster ethnic hatred? Even the tragic death of the soldiers from the Momchilgrad detachment in the waters of the Vurbitsa provided grounds for this. And the journal DUMA found itself obliged to refute the false assertions of its correspondent in Kurdzhali Radka Petrova, of "serial rape on an ethnic basis," under the pressure of the DPS.

As it appears, this organization was born spontaneously and established its principles among the Turkish population namely in circumstances of artificially supported mistrust, fear, and hostility toward representatives of this ethnic group. Let us not forget that Time will show the degree to which that will remain a natural necessity for a large part of our people.

I hear it said that, if the DPS were deprived of the right to participate in the elections, the votes of the Turks in Bulgaria would go for the candidates of the Union of Democratic Forces (SDS). Hardly, because only two weeks before the elections, when the participation of the movement in the elections was problematical, its sympathizers and members declared to me their categorical

position to not vote on the 13th if their organization were deprived of participation in the elections. It is not difficult to imagine that only the BSP [Bulgarian Socialist Party] would get any use out of this in such a region.

I voted with the blue ballot, although all of my friends, neighbors, and acquaintances think that, because I am Turkish, I surely must belong to the DPS. How can I convince them that not all Turks living in Bulgaria are the electorate of the DPS, that there are others like me, who preferred the blue ballot?

We preferred the blue ballot because it is not enough for us to be guaranteed rights only as representatives of a given ethnic group, even if it is the largest one, in order to feel free in spirit, fully enfranchised as citizens. It is necessary to have another thing—self-confidence that we are an inseparable part of this nation, which seeks and is striving toward democracy. We need to believe that Bulgaria is in need of our shoulder in order to share with our compatriot democrats in spirit and conviction the burden of the ordeals on the path to democracy as a people and a nation.

Political 'Purge' at Foreign Ministry Viewed

92CH0206A Budapest BESZELO in Hungarian

* Dec 91 p 19

[Article by Vilma Kekessy: "The Purge at the Ministry of Foreign Affairs"—first paragraph is BESZELO introduction]

[Text] The dismissal of Gyorgy Suranyi as president of the central bank has overshadowed last week's other significant "cadre-policy" event, the purge at the Ministry of Foreign Affairs. In the shadows, however, the dismissal of the two deputy state secretaries, Imre Szokai and David Meisster, seems just as significant.

Imre Szokai has been accused of passing on the information he received, to Gyula Horn, the chairman of the National Assembly's Foreign Affairs Committee, even before briefing his own minister. At the beginning of this year it was also rumored that actually Szokai had been the initiator of the shipment of arms to Croatia. This latter suspicion is unfounded; and the only truth in the former accusation is that Szokai, unlike many a newfangled civil servant, did not attempt to conceal everything from the parliamentary committee. But it is being said in Foreign Ministry circles that Szokai retained the most important items of information mainly for himself, to use them as he saw fit. The deputy state secretary began his career in foreign affairs at party headquarters in Kadar's time. He belonged to the national reform-socialist wing of the party apparatus, from where the transition was easy to the MDF [Hungarian Democratic Forum] led by Zoltan Biro. The cultural superiority with which Szokai, as one of the Foreign Ministry's senior officials, talked with East European politicians and diplomats fitted in well with the style of Jeszenszky's ministry and hardly served to enhance our relations with the neighboring countries. The region's experts and diplomats had long been hoping that he would be dismissed sooner or later. But Szokai added white and green so dynamically to the red on his shield that his dismissal came later rather than sooner. He is lucky that Ukraine, after its referendum, is becoming independent. The post of ambassador in Kiev could be suitable compensation for the post of deputy state secretary.

The situation in David Meisster's case is entirely different. He is a recognized authority on security policy, Hungarian-Soviet relations, and the extremely complicated field of multilateral relations. At the Vienna talks on cutting conventional forces in Europe, the team he led had urged that the treaty be concluded between groups of countries, rather than between military alliances. He raised this idea at a time when Jeszenszky, still an opposition politician, was expounding to foreign statesmen that the presence of Soviet troops in Hungary was the best guarantee against an attack by Romania. Initially even the Western negotiating partners received the Meisster team's formula with incomprehension, although without it the formal cessation of the Warsaw Pact would have made the CFE Treaty's implementation

impossible. Now when multilateral relations are becoming more and more important and Hungary is being assigned a role in the United Nations Security Council, David Meisster's removal is a self-destructive decision of the Foreign Ministry.

To make matters worse, Ferenc Somogyi, the permanent state secretary, has made good his earlier threat and has resigned following David Meisster's removal. He has thereby set an example for all those who—even today, just as in the past, after some consciousness-reinforcing grumbling—are repeatedly putting a bold face to decisions by the power structure, ones that disregard their own convictions and self-esteem (?). (See, for instance, Mihaly Kupa's silence at the time of Suranyi's dismissal, and his Yes vote on the World Fair.) Thanks to the Foreign Ministry apparatus that Somogyi controlled—and also to Tamas Katona's diplomatic talent—the ministry has been able to avoid loud scandals during the past six months, and even the opposition was of the opinion that the ministry has finally grown up to its tasks.

Ferenc Somogyi's departure will benefit at most only Ivan Baba, the ambitious head of a main department within the ministry. As a pillar of the Free Initiatives Network, he had attempted unsuccessfully to prevent the formation of the SZDSZ [Alliance of Free Democrats]. He subsequently tried to carve a political career for himself, first with the Smallholders until his expulsion, and then with the barely existing Liberal Party. Now he is striving for both Szokai's and David Meisster's posts simultaneously. The lowest common multiple of these two positions is the post of political state secretary. Unfortunately, one has to be a member of parliament to qualify.

This disqualification—the lack of a seat in parliament—has not kept Baba from voicing with increasing frequency that Tamas Katona is not pursuing the ministry's policy on protecting national minorities and has teamed up with the "former Communists." Both accusations are true. For Katona clearly realizes that, regrettably, the vital problems of the ethnic Hungarians in Northern Hungary (Slovakia) are not as important to an American, West European, or even a Prague politician as they are to Jeszenszky or Baba, and therefore Katona is able to talk to them about other things as well. Katona has also recognized that he needs David Meisster's expertise and can even depend on his loyalty, in spite of his Communist past. Moreover, Katona developed correct working relations also with Imre Szokai.

Ivan Baba will become at least deputy state secretary in the near future, inheriting most of both Meisster's and Szokai's scope of authority. That will make Tamas Katona's situation even more difficult: he will have to cope with a frustrated boss and a frustrated subordinate simultaneously. It is by no means an advantage that he has established a good relationship with FIDESZ [Federation of Young Democrats] and has not come into conflict with either the SZDSZ or the MSZP [Hungarian Socialist Party]. With all these drawbacks, Katona's only

advantage is that he is, if not a relative, at least a former university classmate of the prime minister's. Thus it is very unlikely that he will again say No—like he did last year—if Jozsef Antall offers him once again Andrasfalvy's portfolio that might become vacant. But what will become then of the Ministry of Foreign Affairs?

And how would Tamas Katona fare in the strategic ministry of the populist-nationalists where nationalist Communists, populist-nationalist MDF members, and, to an increasing extent, the more and more active Christian Democrats are sharing power?

Mayors' Profiles, Characteristics Surveyed

92CH0264A Budapest FIGYELO in Hungarian 5
12 Dec 91

[Article in two installments by Antal Bohm. "Nation-wide Survey Who Became Mayors?"]

[5 Dec p 10]

[Text] In the following two-part article the well-known researcher of local society summarizes the results of the first large-scale, nationwide survey of newly elected mayors. The survey has been completed in late October.

Many accusations have been made after last year's memorable local elections to the effect that the former elite has salvaged itself in settlements with fewer than 10,000 inhabitants, and that village residents did not even dare to vote for other people in fear of possible consequences. Well, statements like these were mostly based on personal information of a rather narrow scope and more than once on prejudices and sentiments, because at that time no one had available specific data.

A few assessments have been made since then, e.g., a volume has recently been published by the Central Statistical Office (KSH) entitled "Two Elections in Hungary" and the Political Science Institute of the Hungarian Academy of Science (MTA) has prepared a political science analysis of the social composition, values and strategies of mayors. We present a few details from the findings of the latter survey. (The survey has been conducted with the cooperation of the National Association of Autonomous Governmental Bodies in Settlements—FOOSZ—in October 1990. In the spring of 1991 we followed up with letters to all mayors requesting that they complete a questionnaire. A total of 1,370 mayors—about 45 percent of all mayors—responded to our requests. We received 1,286 replies from villages and 84 from cities.)

They Are Well Educated

An overwhelming majority of the mayors responding has, for years, been residing in the place where they were elected; only 1.8 percent of the mayors is not residing and has not resided in the place where they were elected, and an additional 2 percent of the mayors is residing in settlements other than the place where they were elected.

We must take note of the fact that the requirement of local residence has been a rather important election criterion in Hungary; it is likely that local society has much more confidence in "its own" people than in others who reside in other settlements. Quite obviously, the so-called cadre policies of the past decades had something to do with this, as a result of such policies many leaders with no local connections at all had been forced from the outside (and from above) on many settlements. It is apparent that this practice had served the full enforcement of the central will. Local residents regarded the activities of these "parvenue" and "parachuted" people as limitations of the interests of local society and as coarse interference in the lives of settlements. This, then, also explains the present reluctance manifested toward strangers. At the same time, however, one must consider the fact that with respect to the election of mayors, local residence does not serve as a basic criterion for election in a number of countries having traditional, well-developed autonomous local government systems, outstanding professional qualifications, i.e. the true professional character of candidates, are far more important.

Insofar as age is concerned, candidates between the ages of 40 and 50 received the largest number of votes (47 percent); together with those between the ages of 30 and 40, this age bracket provides more than two-thirds of all mayors. There are relatively few mayors under the age of 30 (5 percent) and above the age of 60 (6 percent).

Persons holding degrees constitute the largest segment (48 percent) of mayors. Together with persons who have matriculated from high schools, these constitute the overwhelming majority (84.2 percent) of all mayors. Four percent of the mayors have an 8th grade level education only.

Leadership Background

The above well demonstrates that a relatively young and well-educated group of mayors prevails in local societies. The influx of young and professionally trained people has obviously been enhanced by the system change, but we must not forget the fact that a forceful rejuvenation process had begun in the early or middle 1980's in the leadership of councils and that since that time a relatively large number of professionals have occupied staff positions. An overwhelming majority of mayors responding to our questionnaire has some professional training, one-fifth of the responding mayors has physical training, and 5 percent of the respondents has both physical and intellectual professional training.

Prior to their election, three-fourths of the mayors pursued white-collar occupations, and two-thirds of these occupied leadership positions. The ratio of persons holding manual jobs is relatively low, as is the ratio of entrepreneurs.

"Little" Party Background

Perhaps the most important questions subject to guessing and assumptions were those related to the mayors' past relations with, and work performed for councils, and to their possible membership in the Hungarian Socialist Workers Party [MSZMP]. Quite naturally, we were aware of the fact that these were sensitive questions and that probably not everyone would respond, or would like to respond, to these questions. (This is why we endeavored to use several questions.) Altogether 490 mayors answered our question whether they were members of council staffs. From among the respondents 329 served as council chairmen or as deputy council chairmen, 33 were council executive committee secretaries, and 32 held offices in other councils. The rest were employees of councils. Only 2 percent of the 1,367 respondents to this question were part of the MSZMP staff. Of 1,369 respondents 50.3 percent had been members of councils previously, and insofar as MSZMP members are concerned, 37 percent of the 1,366 respondents had been party members.

We should compare our data with the results of the already mentioned KSH survey. (The KSH survey covered 77 percent of the new local management; its scope extended to local legislators in addition to mayors.)

According to the KSH survey almost one-third of the mayors (30.7 percent) had served as council chairmen in settlements with less than 10,000 inhabitants, and only 0.6 percent had served in larger settlements. The corresponding ratios for non party members are 34.7 percent and 25 percent. (In the latter case, from among the 20 independent local legislators five served as council chairman; as we know, these were elected on slates to serve in local legislatures.) [The KSH survey shows] the ratio of previous council members as 55 percent and 18 percent respectively, and among independents as 49 percent and 35 percent respectively.

Let us take note of yet another piece of information. In the parliamentary elections 2.5 percent of the mayors ran as individual candidates, and 19.3 percent were included in slates!

As can be seen, the KSH data correspond with our results. The essence of all this is that about one third of all mayors had previously served as council chairmen, a smaller proportion served in leading positions at councils, and more than half of the mayors were members of councils. At the same time, however, only a very small proportion and number of mayors had worked as members of the state party staff, and somewhat more than one third of the mayors were members of the MSZMP. Unquestionably, however, almost two-thirds of the mayors have previously performed leadership (white collar) functions.

**Positions Held by Mayors
Immediately Preceding Their Elections
(in percentages)**

Leading white collar	60.3		
Other white collar	5.6		
Other nonphysical	8.4		
		White collar total	74.3
Entrepreneur	4.2		
Skilled worker	12.1		
Trained worker	2.3		
		Worker total	14.4
Independent agricultural producer	1.2		
Physical agricultural worker	1.4		
		Agricultural worker total	2.6
Other	4.5		
TOTAL	100 (of 1,370 respondents)		

Independents

Just how all this should be interpreted is obviously a matter of judgment. In the eyes of many, the system change meant a radical change in personnel and a requirement to remove every previous leader from the present power structure. At the same time, one cannot but feel that the intelligentsia in small settlements is rather small in number and that therefore the possibility of making choices is also very narrow. On the other hand—and here again we must refer primarily to small settlements—council leadership in the 1980's increasingly removed itself from under the direct management of the state party.

Consequently it would be inappropriate to recognize the victory of independents as the old regime's intriguing effort to salvage its power. Although we have no survey findings to this effect, we could certainly assume that no more MSZMP members (and functionaries) serve in autonomous local legislatures and as mayors than there are in the local, or for that matter, national organizations of parties seated in (or outside of) parliament.

This assumption may be based on the fact that in settlements where votes were cast for individual candidates (rather than on party slates) the local elections were won by candidates running as independents. In small settlements, 80 percent of the local legislators and mayors ran in the elections as independent candidates. All this can certainly be explained by the fact that "katzenjammer" quickly replaced last spring's euphoria

and that citizens turned away in droves from the political parties. In other words, it would probably be appropriate to record the local election results as the fiasco of partisan politics—of any kind of partisan politics.

Aside from that there is the seldom considered fact that in many instances independent candidates enjoyed the support of one or more parties. And the "great adventure" in the framework of local elections was the fact that the greatest variety, and the most surprising local party relationships and coalitions came about in a manner independent from the coalitions that exist in parliament.

[12 Dec p 14]

[Text] We also asked the mayors whether they were members of one or another party, alternatively, with which party they sympathized.

Power Structure

Eighty percent of the respondents is not a member of any party, while the party membership of one-fifth of the respondents breaks down as follows: Hungarian Democratic Forum (MDF) 24.5 percent, Independent Smallholders Party (FKgP) 23.2 percent, Hungarian Socialist Party (MSZP) 21.5 percent, and Alliance of Free Democrats (SZDSZ) 11.2 percent. This applies only to one-fifth of the total respondents who are party members, of course. The sequence continues as follows: Christian Democratic People's Party (KDNP) 8.2 percent, various local parties and organizations which do not operate as parties: 6.9 percent, MSZMP: 3 percent, and Federation of Young Democrats (FIDESZ): 1.7 percent. In any event, these ratios demonstrate quite well the influence exerted by the various parties on local society in the countryside.

It is also worthwhile to consider the parties with which the respondents sympathize, because the proportion of party sympathizers is far greater than that of party members. Almost 50 percent of the respondents indicated that they "favored" some national or local party. Most people—about 40 percent of the sympathizers—prefer various local organizations, associations and parties, and from among the national parties FIDESZ has the largest number of sympathizers (22 percent) followed by the SZDSZ (10.9 percent), the MDF (8.5 percent), the MSZP (6 percent), and the KDNP and FKgP (each attracting 5.5 percent of the sympathizers). Only 0.3 percent of the respondents sympathizes with the MSZMP. Accordingly, the sympathy rating of parties substantially changes the sequence established on the basis of party membership. FIDESZ's rating, in particular, is remarkable and this raises the question of why the young party is unable to convert its popularity into party membership. The other remarkable phenomenon is the sympathy expressed for local parties and organizations which do not have the character of a party, which indicates that the system of conditions and the actors in local politics greatly differ from those in national politics.

These proportions may be altered somewhat, or their interpretation may be made easier by examining the responses we received to this question: "Which is the strongest party in a your settlement?" (As we have indicated before, no parties whatsoever exist in one-third of the settlements examined, therefore the following findings apply only to the remaining two-thirds of the settlements.) Based on opinions expressed by mayors, the FKgP is strongest in these settlements (43.3 percent), followed by the MDF (17.2 percent), the SZDSZ (14.8 percent and the KDNP (10.1 percent), while all the other parties play only a marginal role. The Agrarian Alliance (5.2 percent), the MSZP (4.2 percent), the MSZMP (2.8 percent) and FIDESZ (2.2 percent). We must repeatedly underscore the fact that this ranking of strength had been established based on opinions expressed by mayors. One could assume, however, that these mayors were well acquainted with the relative strength of the various parties within their settlements, or that they were at least familiar with the power structure of local government.

Concerns

Insofar as the activities of mayors is concerned, our questions pertained primarily to the extent to which tensions, which could also be seen at the national level, played a role in their settlements, and to the extent to which local resources could help resolve the given problems. We asked that concerns be ranked the way grades are given in school: issues presenting no concern whatsoever should be ranked as 1, while very large concerns should be assigned the number 5. Based on averages we may distinguish between three groups of concern.

The tight situation with respect to local financial resources, the lack of local job opportunities, the social welfare support of the needy and the lack of cultural opportunities present fundamental concerns. Local governments are able to resolve these problems only in part by using their own resources, according to the mayors. The other group of concerns represents a medium level of tension: the lack of sports opportunities, bad public safety conditions, the state of traffic and road conditions and the (national) phenomenon of unemployment. (The latter—unemployment on a national scale—had obviously been ranked by the mayors as a medium intensity concern because the "lack of local job opportunities" represents the major problem in their respective areas.)

The third group includes environmental pollution, the condition of public utilities and the housing problem. The fact that housing concerns were ranked so low by the mayors is both surprising and somewhat incomprehensible.

Unemployment, the lack of local job opportunities, and the housing problem would be most difficult for local governments to resolve by using their own resources according to the respondents, but one can easily see that mayors also expect to receive outside help to resolve the rest of their concerns.

Ranking of Concerns

	Average Grade Assigned	Viewed To Be Possible To Resolve by Using Own Resources (percentage of respondents)
Tight local financial resources	4.091	30.0
Lack of local job opportunities	3.713	17.6
Financial support for the needs	3.524	43.6
Lack of cultural opportunities	3.396	49.1
Lack of sports opportunities	3.144	48.6
Bad public safety conditions	3.136	45.8
Traffic—road network	3.122	40.5
Unemployment	3.104	15.1
Environmental pollution	2.999	52.1
Condition of public utilities	2.928	36.6
Housing problems	2.308	20.1

Resources

All this has been supplemented by a question concerning the kinds of material and financial resources the autonomous local government would be able to rely on. Each respondent mentioned several resources and therefore we established the following sequence based on the frequency by which the various resources were mentioned.

The following should be added to the above: (with a rather large spread) they mentioned other support in 97 instances; 57 respondents said that they did not know what resources they could rely on due to unclear legal provisions; and 32 mayors claimed that local governments could not rely on anything.

**Material and Financial Resources
Local Governments Can Rely On
(Based on Frequency of Response Provided)**

State support	770
Local taxes	583
Enterprising, business activities	341
Sale of local government property	175
Targeted project support	159
Support provided by cooperation with the populace	79
Foreign tourism, resort fees	49
Thrift	29
Foreign capital	14

These expressed views speak for themselves. It is no coincidence that most respondents mentioned the need for state support, or for local taxes, enterprising by local government and local business activities. The latter involves a requirement to enterprise as established by the central government with respect to local governments. Quite naturally, local governments are not primarily entrepreneurial enterprises and business institutions, instead they are service providers, bodies which serve local society and which may enhance and encourage enterprises locally or outside a given settlement, but this is not their basic function, the delivery of services is.

Next in line is the sale of local government property. This is very important, but it has one blemish. Lacking a few basic laws we still cannot tell with certainty what kind of property the various local governments own.

The Old and the New

To supplement the above we also inquired whether local governments had a better chance of resolving their local problems today than the old councils had (or, if the present chances were equal to, or worse than before). Forty-five percent of the mayors expressed views that their present chances were better than before, 27 percent recognized an unchanged situation while 28 percent felt that their chances were worse than before. Accordingly these views are rather divided.

We also asked why they felt the way they said they felt, i.e., why they believed that the present chances for local governments to resolve their problems are better or worse than before. Most of those who recognized greater chances today than before thought so because of opportunities for independent management. These were followed by the group which became independent local governments as a result of changing from a joint municipality status and felt that this had been a positive change which improved their chances. On the other hand, those who felt that their chances of resolving problems turned to the worse felt that way mainly because of reduced state support.

We also asked the mayors to compare the new autonomous local governmental bodies with the old council bodies. An overwhelming majority of the mayors (84.5 percent) said that autonomous local governmental bodies functioned better, and from among these, 19.9 percent felt that autonomous local governmental bodies fared much better. The situation remained unchanged according to 15.5 percent of the mayors, and became worse according to 3.9 percent—much smaller ratios than the ratio of those who viewed the change positively.

Most of those who recognized an improvement as a result of the introducing autonomous local governmental bodies claimed that the members of these bodies were more active, more operational and more firm, and that their professional knowledge was better, they were better prepared to debate, their appearance was better, they had a greater sense of responsibility and they were more

"parochial." We should note here that the survey took place immediately after the elections. The mayors probably would mention more concerns if we asked them today, a year later. On the other hand, those who felt that the situation had turned to the worse did so mostly because of the lack of practice they experience in these bodies.

Our survey questionnaire included several other questions. All the responses are being processed and the full results of the survey will be published in the near future, as a separate publication.

Opinions Divided on 'Self-Defense' Organizations

92CH0205B Budapest: BESZELO in Hungarian

"Dec 91 p 18

[Article by Kristof Varga, "Self-Defense, or Taking the Law Into Their Own Hands"—first paragraph is BESZELO introduction]

[Text] The National Federation of Self-Defense Organizations (OSZOSZ) held its general meeting on 30 November. The presidium sat on the podium at a table covered with a red cloth. The hall was filled by delegates of the between 550 and 570 citizens' watch groups functioning in the country. About 170 of these self-defense organizations are associations registered with the courts, while the rest are operating without formal registration. The main item on the morning session's agenda was the signing of a cooperation agreement by National Police Chief Sandor Pinter and OSZOSZ chairman Sandor Kopacs. Whenever possible, the police will provide walkie-talkies, telephone lines, and motor vehicles for the citizens' watch groups and will hand over to them their surplus premises.

From the speakers reporting on the work of the self-defense organization we learned that they are operating very effectively, especially in small settlements. Criminal offenses against property have declined sharply in settlements where citizens' watch groups are functioning. That is in accord with the experience gained abroad. We heard that in Canada, for instance, insurance companies are willing to reduce the insurance premiums of homeowners by as much as 25 percent in neighborhoods where citizens' watch groups are functioning.

Citizens' watch groups are, or could be, a good thing. They are organized on the basis of the freedom of association—i.e. the citizens' right to form associations for any purpose that is not prohibited by law. That purpose can also be the defense of our own lives and property, and those of our fellow citizens. The right to self-defense, just like the freedom of association, is guaranteed by law in every country. Therefore the formation of self-defense groups does not require separate statutory regulation.

Liberals are divided in their opinions regarding self-defense groups. Some believe that the citizens in such groups are merely exercising a fundamental freedom.

Others fear that aggressiveness in maintaining public order could automatically be generated in the course of the activity of citizens' watch groups. This difference of opinions was reflected also in the debate on citizens' watch groups that the national council of the SZDSZ [Alliance of Free Democrats] held three months ago: after all, many SZDSZ members had helped to found citizens' watch groups in their own neighborhoods. The debate indicated that citizens' watch groups are more popular in small settlements and are receiving support from their local governments accordingly. Assessment of the self-defense groups operating in cities, especially in the central districts of Budapest, is not so unambiguous. Some Free Democrats, including Budapest's (metropolitan and district) mayors, regard the operation of self-defense groups as downright dangerous.

But more or less all Free Democrats agree that, as members of citizens' watch groups, they do not wish to be officers of the law, auxiliary policemen, or worker guardsmen dressed in national colors. They are requesting and expecting technical assistance, experience and information from the police, but do not wish to be subordinate to any public official.

Sandor Kopacs addressed the general meeting of the OSZOSZ in the same vein. The one-time police chief of Budapest had sided with the revolutionaries in 1956, and for that he had been sentenced to life imprisonment. After his release from prison, he had moved to Canada. From there he brought back the idea of citizens' self-defense or "neighborhood watch groups." In his speech he emphasized that the citizens' watch groups were unarmed and were not authorized to use any means of coercion.

However, not everyone shared Sandor Kopacs's views. For instance, Gyorgy Markos, a member of the presidium, spoke very angrily of those who "decide from behind their desks to abolish the death penalty," as well as of the moaning sociologists who claim that a criminal commits crimes because in his childhood he had to sleep in a violin case. Thus Mr. Markos has no sympathy for either desks or violin cases, and therefore he is demanding identical warrant cards, uniforms, scope of authority, and weapons for the members of citizens' watch groups. Listening to the other speakers in the debate, one gained the impression that most of them did not want weapons but were demanding a scope of authority. According to deputy chairman Jozsef Zsombor, this would be a limited scope of authority giving members of citizens' watch groups the right in certain cases to check identification cards, and to detain individuals or to take them into custody.

The word "certain" is the one that should compel every liberal to prick up his ears, because a member of a citizens' watch group might regard as a "certain" case even situations that actually do not qualify as such. There would be opportunity to take the law into one's own hands, and in the end only the red star missing from

his warrant card would distinguish a member of a citizens' watch group from the auxiliary policeman of evil memory.

In his speech Interior Minister Boross—his experience of auxiliary policemen must not be so bad: without his approval the national police chief would hardly have attempted to resurrect the auxiliary police force last summer—expressed his confidence in the citizens' watch groups. Regarding their scope of authority, he too felt that the members of citizens' watch groups needed to be vested with authority, but under the present social and political conditions it would be very difficult to get the National Assembly to pass such legislation. He requested the general meeting to be patient and said that this question could be reconsidered later on when the organization was more experienced and had already proved itself.

We hope the interior minister will be proved right in his belief that, until the arrival of more tranquil times, the members of citizens' watch groups will be able to do their work effectively even so, without a scope of authority.

Proposed 1992 Budget, Process Criticized

*HU/654 Budapest FIGYELŐ (in Hungarian)
[No. 91 pp. 1-24]*

[Article by Emma Sebok: "Budget 1992: This Is What We Deserve"]

[Text] Every country has not only the kind of government but also the kind of budget it deserves. It seems as if for decades Hungarian governments and National Assembly representatives had failed to realize that budgets too were financial statements with two sides. Apparently the system change did not produce a substantive change in this regard. Those in authority do not want to reduce state obligations to provide sustenance nor do they want to increase the tax burden. Thus we may continue to pray for the IMF's good graces to distribute credits and may pin our hopes on citizens that they may cover with their savings next year's planned deficit amounting to 69.4 billion forints (or they will cover more than that if the deficit is larger). The long march in parliament may begin. On 29 November the government submitted its legislative proposal for the 1992 state budget. It will be possible to deal in plenary session with the more than 1,000-page proposal after committee debate, i.e., on 9 December, at the earliest. The combination of tax laws and amendments to laws providing for the financing, employment and social security are to be dealt with simultaneously: this presents a virtually hopeless, large task for legislators who are also preoccupied with after the fact reparations, holding people to account and the discrediting of each other both in a human and a political sense. But the task must be performed, because unless proclaimed by 31 December the laws become unconstitutional because they would establish obligations with a retroactive effect. This messy situation can be avoided only if amendments

pertain to truly substantive issues and if debate is pursued on a professional basis and does not involve personalities and politically motivated actions.

But why did the government once again place parliament into this constrained situation, despite the fact that the 1991 budget law prescribed an accurate timetable for the preparation of the 1992 budget? According to Finance Ministry officials much more time should be allowed for the National Assembly to debate the budget, but not necessarily pursuant to the present schedule. This is so because the present schedule represents a kind of rigor that cannot be complied with, even though it has undoubtedly been established with the best of intentions.

Guidelines for the following year's budget should have been prepared by 31 August and chapter-by-chapter projections should have been completed by 30 September. In reality, however, the guidelines submitted on 29 September already included the chapter-by-chapter projections. Moreover, around that time most of the detailed budget could also have been delivered by the Finance Ministry. But expecting miracles, the government had hoped that an improved budget could be planned for 1992 as compared to the budget that could have been prepared under circumstances that existed in late September.

Thereafter parliament occasionally advanced then set aside debate over the budget, even though the next phase of governmental work could have started only after the return of the proposal by parliament with its approval, or with recommendations for changes. Thus the deadlines for submitting detailed projections and a legislative proposal became impossible to comply with from the outset. And even if it had been possible to submit a legislative proposal by 15 November, parliament would have had a very tight schedule for debating the budget.

Accordingly, in the future a system that has worked elsewhere should be followed. Based on this system an economic program providing for the framework and the foundations should be submitted by the government to parliament, and only after the adoption of that program would the government submit a detailed budget at the conclusion of the summer recess. This would provide an opportunity for a true bargaining process and for the evolution of a real agreement. Otherwise, a mutual inability to act will prompt both bodies to place themselves, as well as each other, into impossible situations.

Instead of following the ideal schedule, the government presented to the country and to representatives Hungary's 1992 economic priorities and next year's governmental tasks almost in the form of supplement to the budget. Under such circumstances a great threat exists

that in a manner similar to this year, next year the government will once again calculate its revenues on the basis of overly optimistic advance indications concerning real economic processes, and parliament will once again fail to receive real straps to hang on to in performing its evaluation of those processes. (This may be particularly true in regard to tax revenues to be obtained from the entrepreneurial sphere and consumption taxes from individuals.) In the final analysis, all this may lead to a much larger deficit than what has been planned.

Much of the expenditure structure and the internal proportions of the budget remained unchanged and will be similar to those we find in the 1991 budget. This is so because those who prepared the budget have no other developmental opportunity than to present in far more detail than in 1991 the expenditure objects for which these huge amounts of money are expended. Thus the image of central spending becomes even more clear, and this is not something to make everyone happy, such as people who make a living out of that money. And there are quite a few people like this. Between 700,000 and 800,000 persons make a living from state household resources.

On the other hand, a real image would emerge if, at last, state household reform would be behind us, if a bargaining process would begin between society and the state as to what should be financed by central, local government and the social security budgets respectively, and what could be transferred to the entrepreneurial and the private sectors. If that were the case, the budgetary support provided to individual ministries and state institutions would not be determined on the basis of the government automatically wanting to provide less money than the base amount, while the ministries and state institutions would request more money without any particular professional justification or analysis.

But the present process is also more comfortable from the standpoint of those involved in budgeting. Otherwise one could find out for example, that in Hungary teachers teach for much fewer hours than in West Europe, and about the huge number of school employees who occupy non-teaching positions. Or, for instance, one could learn that in the Hungarian Honved Forces the combined number of professional soldiers and civilian employees is almost as high as the number of enlisted men. And we could go on listing examples for excessive spending that has been going on for a long time, and this, in part, explains why almost all fields financed by the state budget become impoverished in the meantime.

In the absence of state household reform and the professional reform of certain fields, the unavoidable result will be a poisoning of the relationship between the specialized ministries and the Ministry of Finance, as if education, defense, etc., policies had been transferred to the Finance Ministry. Virtually everyone shows a lack of confidence in the budget as a result of this.

This is true, except for the fact that the government cannot play innocent for long, it cannot persevere until the new elections without agreeing to face the grave conflicts that will accompany the state household reform and the reforming of large distribution systems. It cannot wait that long, because the agreement with the IMF expires prior to the end of this parliamentary session. But the government has no chance whatsoever to start implementing state household reform as long as it is struggling in the legislative trap. If we had a parliament which concentrated more on substantive tasks and was less involved in learning legislative functions, it would still be impossible to resolve every task, to regulate every aspect of life by way of laws.

Accordingly, the government should also agree to advance matters without legislation and should make the opposition agree to this idea.

The 1992 State Budget Balance
(proposed)

Revenues	Billions of Forints	Expenditures	Billions of Forints
Payments by business organizations	210	Subsidies to business organizations	92
Consumption-related taxes	144	Consumption subsidies	18
Payments from individuals	183	Accumulation expenditures	62
Financial institution profit taxes and dividends	63	Social security support	30
Revenues related to debt service	49	Support for organizations under the central budget	139
Privatization revenues	20	Local government support	215
Other revenues	10	Segregated funds support	32
		Debt service	172
		General reserves and extraordinary expenditures	19
		Other expenditures	11
Total revenues	627	Total expenditures	956
Balance	-329		

Political State Secretary on Agricultural Issues

92CH0247B Budapest MACYAR HIRLAP
in Hungarian 4 Dec 91 p 9

[Interview with Laszlo Sarossy, political state secretary at the Ministry of Agriculture, by Sara Pogany, place and date not given. "I Am Not a Commissioner but the Manager of the Ministry"—first paragraph is MACYAR HIRLAP introduction]

[Text] Hungarian agriculture may count on a 2 billion-forint reorganization fund from next year's [1992] budget, the Ministry of Agriculture intends to expand that fund by attracting foreign capital. In this way, new owners and entrepreneurs will be able to obtain significant loan amounts, and by next year the appropriate banking background will also be available, according to Ministry of Agriculture Political State Secretary Laszlo Sarossy. He also denied statements according to which the Hungarian Democratic Forum [MDF] had surrendered its original election program which has traditionally been protective of villages.

[Pogany] Mr. State Secretary, to what extent has it been possible to implement the agricultural program announced during the MDF's election campaign?

[Sarossy] In reality, the MDF's agricultural program had been established on 12 November 1988 in Kiskunmajsa. Then and there we drafted an eight point program for the transformation of Hungarian agriculture; this has subsequently been made part of the government program. The most important goal of this program is the deep-seated transformation of ownership conditions and of the ownership structure. The already adopted compensation program now in force serves this purpose, and so does the new cooperative law and the related law on transformation presently pending in parliamentary committees. All this is supplemented by the program to privatize state farms and food industry enterprises. In the course of accomplishing such privatization some new perspectives will open in the path of Hungarian agriculture. I would like to stress at the same time that transformation must not be perceived as a goal, but rather as a means to attain an agriculture commensurate with international standards before we join the Common Market as full-fledged members.

[Pogany] As long as the MDF regards the transformation of ownership conditions so important, what explains the delay in the adoption of the compensation law?

[Sarossy] When the legislative proposal was submitted to the National Assembly, parliament assumed a task that had no precedent anywhere in the world. The delay in the legislative process may be explained by several reasons. First of all, within the coalition the compensation concept advocated by the MDF and the Smallholders Party differed greatly. In addition, several people used the development of the compensation law for political campaign purposes. In the end, in the course of codifying the law the government observed three fundamental considerations. First, the law to be presented to the National Assembly should not threaten the operating capacity of agriculture in the course of its implementation. Second, the government should be bound by the Constitutional Court decision, and third, the law the law should be enforceable.

[Pogany] And in your view, is it possible to implement the adopted law?

[Sarossy] Yes, I am personally convinced of that.

[Pogany] How do you explain then that contrary to your expectations the announced mass demand did not materialize on part of society?

[Sarossy] As I have mentioned before, settlement of ownership conditions within the agricultural branch had been used by several persons for political purposes. A lively counterpropaganda had been part of that, a nationwide agitation against the compensation law which discouraged many former owners. I recognize the main reason in the fact that relatively few people exercised this legally established right, and this is why the deadline for filing claims had to be extended [as published].

[Pogany] Would it not have been appropriate to submit to parliament simultaneously both the compensation law and the new and temporary cooperative law as a package? That way those who made a living of agricultural activities could have chosen the most appropriate form of management.

[Sarossy] I will not deny that your statement has some foundation, it might have been more appropriate to do it that way. But the government was obligated to follow the Constitutional Court decision according to which treating land property separately from other property or pieces of property would have constituted discrimination. I hope that the cooperative law, too, will be adopted this year.

[Pogany] A lack of consensus between MDF and Smallholders Party agricultural experts is visible at committee meetings. In theory, the laws governing cooperatives may also suffer the fate of the compensation law, thus increasing further the uncertainty that can be seen in agriculture. Moreover, certain Smallholders Party representatives continue to accuse the largest ruling party of breaching the earlier coalition agreement.

[Sarossy] Since I took part in all coalition discussions and also in subsequent multiparty negotiations I can responsibly state that the idea of reprivatizing everything has not been discussed. The MDF position always advocated partial compensation. The law was a result of a consensus, to no small extent due to the position announced by the Constitutional Court. Incidentally the records of the coalition discussions are available, they may be inspected at any time. These documents demonstrate that Smallholders Party representatives present also signed the basic theses.

[Pogany] Is there a chance that the National Assembly adopts the law concerning the order of the agricultural marketplace this year?

[Sarossy] This would be beneficial, but I do not regard that as feasible because of time constraints imposed by the budget debate. At the same time, however, the order of the agricultural marketplace would not disturb agricultural production even if it took effect only on 1 March 1992.

[Pogany] You had mentioned that a law had been drafted which would not endanger the operations of the agricultural branch. At the same time, however, the agricultural branch has experienced a number of crises this year. Starting with the drought, through the hog and wine crises, all the way to the recent egg war. Producers have not only become uncertain, by now they have used up the reserves they had accumulated, or are beginning to use up those reserves.

[Sarossy] It will take at least 10 years for the new agricultural structure to evolve. This is a lengthy process which can neither be hastened nor forced by using senseless means. I visited Romania not too long ago where the settlement of ownership conditions takes place in the form of reprivatization. Surely, one can see the results. In the Baltic states my Estonian and Lithuanian colleagues said that Finnish, Danish and Swedish agricultural professionals have cautioned them against transforming agriculture without thinking through the process. It is likely that the small producer, cooperative and large plant management forms will also continue to coexist in Hungary for a long time. The agricultural branch finds itself in a grave situation; its problems pertain not so much to production but to sales. Based on the Baltic experience I envision a realistic opportunity for us to regain those markets. In the future we will have to concentrate on the member republics. Our joining the EC will produce more advantages than disadvantages from the standpoint of agriculture. But the crisis experienced in agriculture must not be viewed separate from the crisis of the national economy. At the same time, the agricultural branch managed to accumulate \$2.5 billion in export revenues this year, and the same cannot be said of other branches of the national economy. We are counting on the appropriation of a 2-billion-forint reorganization fund from next year's budget, and we may increase this by attracting significant amounts of foreign capital. Ministry officials are working on the development of numerous loan structures, product councils are being formed one after another and sooner or later it will be possible to place the agricultural branch back on its feet. But this will not be a rapid, painless process.

[Pogany] As long as you have mentioned the ministry countless surprising personnel changes have taken place these days, several people have left the ministry as a result of reorganization. People relate this mostly to your person, to your "conduct as a commissar," so they say.

[Sarossy] I am not a commissar. In my capacity as political state secretary I perform my work strictly pursuant to laws, i.e., I am managing the Ministry. Indeed, some people have left the ministry, but they left not for political reasons, but primarily as a result of professional incompetence. Those who stayed are well-trained professionals, and still today, I profess that I am judging and I chose my associates exclusively on the basis of professional considerations.

Effects of Collapse of Eastern Trade Analyzed

92CH0265D Budapest FIGYELO in Hungarian
5 Dec 91 p 22

[Article by Judit Hamar "Eastern Trade Collapse and Structural Change"]

[Text] This year the "collapse of eastern trade" provided perhaps the greatest "shock" to the Hungarian economy. Many attribute the bulk of the economic problems—the rapid increase in the number of enterprises at the brink of bankruptcy, the larger than expected increase in unemployment—to this factor.

The "collapse" of "eastern trade" this year has taken place despite the fact that within the geographical distribution of Hungarian foreign trade the weight of the so-called former socialist countries has already shown a significant decline in previous years (particularly during the first half of 1990), partly in response to governmental action holding back on "socialist" exports.

For this reason, and based on more flexible achievements in switching markets last year (even within the machine industry) one could justifiably assume that we have already gotten over the larger, and perhaps more difficult part of the changeover.

This expectations appears to be supported by trade data per groups of countries, at least insofar as the extent of market switch had been smaller in 1991 than in the identical period of the previous year: the ratio of the former socialist countries in Hungarian exports has dropped by 8 percentage points and imports by 7.4 percentage points. Exports during the first half of this year (counted in forints) has fallen behind by 21 percentage points as compared to the 32 percent decline during the identical period last year. Imports, on the other hand, have barely changed. As a result of the changeover they increased by 3 percentage points during the first half of the year.

These trends raise questions about the reality of an eastern market "collapse." The fundamental answer has to do with the ability of the affected economic branches and enterprises to adapt and with the peculiar features of individual enterprises and of their product structure.

In 1990 the constraint to change markets affected primarily those branches—the light industry and the machine industry—and enterprises, or the enterprises that were capable of quickly adapting to new market requirements, which had maintained market (enterprise-cooperative) relationships with developed countries for several decades. Foreign capital influx and the number of small and medium-sized enterprises were also significant in these branches (in commerce and in the service industry). This greatly facilitated the changeover, and in places where there was a lesser opportunity for changeover, the retention of the shrinking Soviet market

This year, however, not even those branches and enterprises were able to avoid the constraint to change markets, in which the changeover in production could be accomplished only as a result of major investment, during a longer period of time, and mainly as a result of reviving capabilities that have withered during the past 40 years.

In these branches the survival of the traditional enterprise structure (e.g., in procurement the "state's single hand" [as published]) hinders the capability to adapt to rapidly changing market requirements. The state's "readiness to help" has rendered structural change continuously subject to delay for at least two decades (see grain, meat, apple, mining, heavy industry, "strategic industry branches," "special" large enterprises of the state). In those (mostly brief) periods when the need to improve the financial balance had served as an incentive to increase western exports, the state usually "bridged" the losses incurred as a result of market change, and failing this, in most instances the enterprises were able to sell their products at "good prices" on the domestic market.

Thus, despite the fact that as a result of changing over to dollar-based settlement one could count on a further increase in tensions insofar as sales difficulties in trade with the former CEMA countries were concerned, it comes as no surprise that the previously most protected Hungarian enterprises were least prepared to face such increased tensions.

Moreover, the enterprise lobbies involved now call upon the state to resolve the problems, and this suggests that

even today, many enterprises envision a chance for obtaining traditional benefits from the state.

In the absence of accumulated funds for structural change, and along with a budget policy that is more stringent than before, the state is no longer able to provide such benefits, just as it is becoming increasingly difficult to make Hungarian consumers pay for losses incurred as a result of the changeover. This is so in part because of a radical decline in solvent domestic demand, and in part because earlier shortage situations no longer exist. Alternative sources for obtaining goods have expanded as a result of liberalized imports, and because competitive small enterprises have emerged (even though at a slower rate than expected).

In other words, the development of a market-oriented enterprise strategy and a correspondingly streamlined change in cost structures and in organizing products and production can no longer be delayed, even in regard to enterprises which have been developed to satisfy the needs of the Soviet market, which have been most protected and most closely managed by the state, and which have been tied to the largest extent to commerce run by the state.

Such transformation, however, is made more difficult not only by the lack of practice and the time involved in acquiring and applying the needed experience, but also by the fact that foreign capital is most reluctant to enter these fields (despite promised extra benefits). This is also the field in which the transformation and privatization of enterprises is the slowest. All this indicates that the establishment of a crisis management program to assist the market change—one that is fundamentally different from previous programs—can no longer be delayed.

Effects of the "Collapse" of Eastern Trade
on Various Branches of the Economy

Branch	Year	Exports		Imports		Total	
		Convertible	Nonconvertible	Convertible	Nonconvertible	Export	Import
		(Distribution in Percentages)				(1991/90 Increase)	
Mining	1990 Jan-Jun	25.1	74.9	20.2	79.8		
	1991 Jan-Jun	99.9	0.2	98.5	1.5	93.5	-76.8
Foundry	1990 Jan-Jun	93.3	6.7	54.6	45.4		
	1991 Jan-Jun	99.6	0.5	96.4	3.6	103.4	29.0
Machine industry	1990 Jan-Jun	48.8	51.2	75.5	24.5		
	1991 Jan-Jun	89.5	10.5	94.9	5.1	101.6	26.5
Building materials industry	1990 Jan-Jun	91.5	8.4	78.3	21.7		
	1991 Jan-Jun	98.7	1.3	98.1	1.9	198.9	128.2
Chemical industry	1990 Jan-Jun	78.1	21.9	78	22		
	1991 Jan-Jun	98.7	1.3	97.3	2.7	108.8	30.1
Light industry	1990 Jan-Jun	86.0	13.4	75.1	24.9		
	1991 Jan-Jun	96.6	3.4	96.0	4.0	107.4	20.0
Other industry	1990 Jan-Jun	71.8	28.2	77.9	22.1		

Effects of the "Collapse" of Eastern Trade
on Various Branches of the Economy (Continued)

Branch	Year	Exports		Imports		Total	
		Convertible	Nonconvertible	Convertible	Nonconvertible	Export	Import
		(Distribution in Percentages)				(1991/90 Increase)	
	1991 Jan-Jan	96.7	3.3	89.4	10.6	126.5	149.3
Food industry	1990 Jan-Jan	82.8	17.2	86.2	13.8		
	1991 Jan-Jan	97.2	2.8	86.9	13.1	130.1	109.0
Construction industry	1990 Jan-Jan	62.5	37.6	88.9	11.1		
	1991 Jan-Jan	98.9	1.1	96.0	4.0	199.6	80.3
Agriculture	1990 Jan-Jan	85.2	14.8	93.4	6.6		
	1991 Jan-Jan	97.0	3.0	98.4	1.6	111.1	136.1
TOTAL	1990 Jan-Jan	74.2	25.8	69.9	30.1		
	1991 Jan-Jan	95.6	4.4	95.9	4.1	111.4	141.7

Increased Central Bank Reserves Reported

92CH0265C Budapest FIGYELO in Hungarian
5 Dec 91 p 6

[Article by Katalin Ferber: "Successful Reserve Policies"
Further Increase in Central Bank Reserves"]

[Text] The Hungarian National Bank's (MNB) foreign
exchange and precious metal reserves have further
increased.

Why do reserves continuously increase? From the lay-
man's standpoint there is an apparent contradiction
between the country's significant loan repayment and
debt burden obligations on the one hand, and the large
scale, continuous growth of reserves, on the other. The
contradiction seems to be reaffirmed by central bank
statements in recent months which link the increases in
MNB reserves to the chances of establishing full forint
convertibility in the future.

The truth is that the chances of establishing full convert-
ibility today are very slim, at least from the standpoint of
the real economy. Thus, the background for increased
reserves must be found primarily in the field of mon-
etary planning.

It is publicly known that the planned level of the 1991
balance of payments deficit was \$1.2 billion. In contrast,
the first six months of 1991 closed with a significant
balance of payments surplus and, at least insofar as the
total balance of payments is concerned, the surplus
continues to increase. (Quite naturally, the same does
not hold true in regard to the mercantile trade balance.)
In other words, this year's borrowing, and the extent of
other credits received were planned with an assumption

that Hungary's financial balance would not deteriorate
further, at the same time, however, it would not improve
either.

In the end, the \$1.5 billion improvement over the
planned levels reflected itself in the form of increased
reserves.

Both laymen and professionals would be glad if they
were aware of the MNB's estimates for 1992. Even then,
the question would remain the same as it was in 1991: Is
the "guard" of the monetary sphere pessimistic in the
course of planning or is everyone else still overly opti-
mistic?

International Reserves and Other Receivables
(in millions of dollars as of
the end of September 1991)

International reserves	3,444.1
Convertible currencies	2,701.7
Gold	82.2
Foreign currencies	2,619.5
Nonconvertible foreign exchange	742.4
Other foreign assets	4,070.4
Convertible foreign exchange	3,574.4
Of which	
Short term	2,108.8
Long term	1,465.6
Nonconvertible foreign exchange	496.0
Of which	
Short term	100.5
Long term	395.5
Total international reserves and other receivables	7,514.5

* Gold at \$320 per ounce exchange rate

**Hungary's Balance of Payments
in Convertible Currencies
(millions of dollars, September 1991)**

Exports	755
Imports	604
Foreign trade balance	151
Services and Income	
Transportation, heating, net	6
Government expenditures, net	4
Services, net	20
Travel income	97
Travel expenses	35
Net balance	62
Income on direct capital investment, net	19
Investments income	24
Investments expenses	166
Net investments	142
Income from work and property, net	70
Identifiable transfers, net	70
Other payments, net	61
Current balance of payments	103
Capital account	-103
1. Long-term capital	106
Receivables, net	6
Working capital, net	128
Capital inflow	230
Capital outflow	103
Direct investments, net	194
Basic balance	409
2. Short-term capital	41
Receivables	64
Working capital	105
Full balance	169
Reserves	169

Some Price Controls To Be Lifted

92CH0265B Budapest FIGYELO in Hungarian
Dec 91 p 4

[Unattributed article "Price Law To Be Changed"]

[Text] The government is expected to recommend in the near future to the National Assembly amendments to Law No. 87 of 1990 concerning "The Establishment of Prices." The following is a Finance Ministry informational report on the subject.

Experience thus far has indicated that the regulatory principles were correct. Concerns about increased consumer dependence and runaway inflation as a result of free pricing relative to 90 percent of all goods did not prove to be justified.

Certain observations have been made regarding these principles and the regulation, however. The law had defined the category of products and services for which minimum and maximum prices had to be established on the basis of specific economic and market circumstances that prevailed in 1990. Market, financial and ownership conditions changed, however, and these changes require a modification of the law.

The law must address the issue of expanding interest mediation to cover price and market relationships, and issues pertaining to the legal and institutional protection of consumers. These concepts are far beyond the framework of the price law, however. Consequently, at this time the government is making proposals only in regard to specific issues pertaining to the appendix to the law, matters that can be resolved in the short term.

The proposal would discontinue official prices regarding coal, lignite, briquettes, coke, firewood, and liquefied gas (propane-butane) mixtures with assemblies larger than five kilograms.

The prices of solid heating materials would be determined by market conditions in the future. Individual coal mining enterprises would compete with each other with imported coal and with alternative energy resources. At present, alternative energy resource—heating oil, natural gas—prices are stable both in the world markets and in Hungary. The large-scale household energy price increase implemented in June 1991 has been accompanied by reduced demand and a rearrangement of energy needs. All this minimizes the threat of an immediate and spectacular increase in domestic coal prices after lifting the prices controls.

Ever since the price law has taken effect (1 January 1991) all liquid hydrocarbon fuels—except liquefied gas—have been subject to free pricing. The prices of these fuels have evolved based on international commodity exchange and market prices, and this also applies to liquefied gas. Individuals use liquefied gas mostly for cooking purposes. Gradually, however, one cannot avoid using liquefied gas to satisfy other needs, such as heating and vehicular fuel purposes. Such use would significantly increase demand for liquefied gas and this demand could only be satisfied by importing liquefied gas. Increased demand would also exert an effect favoring the evolution of market conditions, and could break the monopoly of gas suppliers. Several European liquefied gas distributors have manifested an interest in participating in the Hungarian liquefied gas market if official price regulations were discontinued. Accordingly, in order to establish a balance in the marketplace the proposal would discontinue official pricing in this regard.

Most dairy and bakery products are already subject to free pricing. But the law maintained maximized official prices with respect to cow milk with a 2.8-percent fat content and regarding white bread. Demand for these products is on a continuous decline and white bread with

maximized prices has virtually disappeared from stores. For this reason the government recommends that official maximum prices for these products be discontinued.

Minimum prices must be established for every quality level of slaughter pigs and slaughter cattle if these are sold for further processing or resale, according to the price law. Henceforth this requirement will prevail only in regard to the most characteristic products (as published).

Maximum prices for buying up milk would also be discontinued. A newly introduced lower price would replace the maximum prices. The lesson to be learned from this year's excess milk production is that this branch requires price protection more than it needs restrictive prices. The need to provide secure public supplies also supports this argument.

The Broadcasting Enterprise has become independent from the Hungarian Postal Service in 1990. Since then there has been a dispute about fees charged for broadcasting. In order to enhance the financial security of the Hungarian Radio and the Hungarian Television, the proposal would render broadcasting services subject to officially established fees.

Last August the government has introduced measures to modernize the publication and sale of textbooks and notes (as published). This presumes the termination of official prices in regard to textbooks, notes, and sheet music.

The proposal provides that except for steam and heated water supplied by the Hungarian Electrical Works Trust, the cost of remote heating and remote hot water provisions and the price of steam and heated water be established in the future by the legislative bodies of autonomous local governmental bodies in the various settlements.

The government also examined the possibility of transferring authority to determine fees for drinking water supplied by public water utilities and public sewage services to autonomous local governmental bodies in the various settlements. Due to differences in natural conditions and in given technological characteristics there would be a large spread in the related per settlement investment cost. A societally unmanageable situation would evolve if fees were to immediately keep pace with investment costs. For this reason the regional fee system—which also involves a certain kind of regional fee equalizing factor—must be continued in 1992. Accordingly, for the time being, water and sewage fees would be established under the jurisdiction of the Ministry of Transportation, Communication, and Water Resource Management.

Self-Privatization Results Reported

92CH0265E Budapest FIGYELO in Hungarian
3 Dec 91 p 23

[Article by Zsuzsanna: "Self-Privatization Has Begun—Attracted to Small Gates"]

[Text] More than a hundred state firms have entered into contract since September with one or another of the 84 authorized consulting firms to perform enterprise-initiated, simplified privatization. Accordingly, this model has thus far proved to be successful, even though the State Property Agency (AVU) is not highly satisfied with the consultants' activities.

Self-privatization (the essence and initial developments of which we have already reported in FIGYELO Nos. 45 and 46) has been established in order to accelerate the denationalization process. As AVU deputy director said at the self-privatization forum of the Society of Organizational and Management Sciences: Next to the large gate they cut 84 small gates, through which privatization can flow. Well, it seems that the attraction to the small gates continues to be strong.

Compared to the fact that initially the selected state enterprises were rather suspicious about having their names placed on the list, the 104 contracts consummated by the end of November may be viewed as a nice accomplishment. Since the start an additional eight enterprises asked and have been included on the list, and the AVU has received applications from yet another 15 firms. Accordingly, the number of firms to be included in the first phase could, conceivably exceed 400.

Those in authority are far less satisfied with the activities of the experts. From among the 84 consulting firms only 16 have consummated agreements with one or another of the above mentioned 104 firms as of 26 November. (The list of the most recent agreements appears in the box below.) The rest of the consulting firms are holding out for the time being. This is the more interesting because in its own days there was a rather great hassle about becoming part of this ominous group. Almost 300 consulting firms competed in order to be included on the list, which, it seems, contrary to AVU intentions, turned into a qualitative benchmark for experts.

Just how long it will be possible to hesitate remains a question. Enthusiastic about the success of this initiative, the AVU is expected to establish a second phase of self-privatization, extending the opportunity of simplified privatization to an additional 600-700 enterprises, although no official decision has been made in this regard. A significant number of medium-size firms would also be included in the second phase. In conjunction with the second phase the AVU would also qualify the 84 authorized experts. Expert consultants who by then have not produced even one agreement, or whose an AVU's view appeared to be problematic, would probably be excluded from the second phase. Accordingly, the group of experts may then be supplemented by new

consulting firms, and this is even more so because plans call for increasing the number of expert consultants by at least 150 percent of the present number. From among the 348 state enterprises originally included in the list about 150 have units which fall under the authority of the preprivatization law. Relative to this matter Janos Both stressed that one should first be able to see whether participation in self-privatization exempts a firm from under the required preprivatization process. And yet concessions may be granted in certain justified cases. If for example, a consulting firm concludes that implementation of preprivatization renders the remainder of an enterprise unsaleable, while successful privatization could be expected if the firm were to be sold as a single unit, an application to this effect could be submitted to the AVU. The chances of AVU approval would be particularly good if self-privatization also resulted in the buying of an enterprise by its workers. No opportunity exists for such exemption if preprivatization has already commenced at a given enterprise.

The AVU Board of Directors has not yet reached a decision based on applications received from expert consultants it is highly likely that the use compensation vouchers in the process of self-privatization will be permitted. Either by AVU designating a smaller group of

enterprises from among those subject to self-privatization in which 50 percent of the assets would be eligible for purchase in exchange for compensation vouchers, or by authorizing the sale of between 10 and 20 percent of all enterprises in exchange for compensation vouchers. With respect to the first phase the AVU pins great hopes to the purchasing power of workers and managers based on loans they could acquire on preferred terms, but it also envisions a possibility for the appearance of Italian, Austrian and South-German family enterprises as investors.

[Box, p 25]

The Second Fifty-Seven

According to the records of PRI-MAN Self-Privatization Management Ltd. as of 26 November some 104 enterprises have consummated agreements with one or another consulting firm to perform enterprise-initiated self-privatization. In PRIYELI No. 46, p. 24 we published the list of the first 47 [as published] enterprises whose privatization has been verified based on an approved contract. The following is a list of 57 agreements that have been consummated since then.

Consulting Firm	Privatized Enterprise
Dunaholding, Inc.	Komárom-Esztergom County Motion Picture Enterprise
	Mid-Pest Repair and Installation Enterprise
	Győr-Sopron County Pátvölgy Laundry-dry cleaning Service Enterprise
	Vas County Pátvölgy Enterprise
	Auto Servicing Small Enterprise Gyöngyös
	Baranya County Planning Enterprise
	Car Repair Small Enterprise Komló
	Hírsz Communication Technology Enterprise Nyíregyháza
	Hajdú-Bihar County Road Construction Enterprise Hajdúszoboszló
	Szentcs Machine Industry Enterprise
	Salina Machinery Manufacturing and Sealing Technology Enterprise
	Főpály-Trans Transportation and Service Enterprise
	Electra Electrical Equipment Repair and Installation Enterprise
Vofa Ltd.	Tatabánya Electrical Maintenance Enterprise
	Komló Electrical Maintenance Enterprise
	Sárvíz Car Repair Enterprise
Kecskeméti Holding, Inc.	Baranya County Pátvölgy Laundry Enterprise
	Sárvíz Car Repair and Service Enterprise
	Tenkes Furniture Manufacturing Enterprise
Budapest Holding, Inc.	Centrop Service Stoking Technology Enterprise
	Gas Equipment Repair and Installation Enterprise
Deák & Deák Ltd.	Matván Gravel Pit Enterprise
	Békés County Electrical Installation Enterprise
	Gyékényes Gravel Pit Enterprise
Euroinvest, Inc.	General Repair and Installation Enterprise

	Urgent Housing Maintenance Repair and Installation Enterprise
	Housing Renewal Repair and Installation Enterprise
Kocharat, Inc.	Mexogep (agricultural machinery) Enterprise
Budapest Investment, Ltd.	Gyor-Sopron County Soda and Soft Drink Manufacturing and Alcoholic Beverage Distilling Enterprise
	Bella Hair Dresser Enterprise
Cel Business, Inc.	Buda Repair and Installation, Building Machinery Enterprise
	Agricultural Machinery Development Institute
	Auto-Aero Transportation Technology Enterprise, Szombathely
Polybasic, Ltd.	Budafok Car Repair Enterprise
	Vizvamos Car Repair Enterprise
Capitalinvest, Ltd.	Borsod County Fruit Wine and Soft Drink Enterprise
	Service Development and Consulting Enterprise
Economix, Inc.	Construction Industry Small-Machinery Manufacturing Enterprise, Kiskun
	Kata Electrical Repair Enterprise
Eggen-Sensor, Ltd.	Hungarotool Enterprise
	Titashvaros Car Repair Enterprise, Lencsavoros
Konash Holding, Inc.	School Furniture and Sports Equipment Factory
Krenator, Ltd.	Fantasia Obuda Hairdresser Enterprise
	Sankatard Printing Enterprise
Merkantil Bank, Inc.	Hungarian Philatelic Enterprise
	Pecs Communication Technology and Machine Repair Small Enterprise
Capital Investment, Ltd.	Duna Hairdresser Enterprise
Fertai, Limited Partnership	Surface Refining Factory Enterprise
Hozam, Ltd.	Dunaújváros City Construction Industry Enterprise
Hungarian Credit Bank (MHB) Investment and Property Management Subsidiary	Car Repair Enterprise Ajka
Mininvest, Inc.	Sograd County Investment Enterprise
Saldo & Horvath, Ltd.	Lambda Electrotechnical and Service Enterprise, Mór
Board of Somogy County Entrepreneurial Center Foundation	Car Repair Enterprise, Dombóvár
Szociorg Service Research and Organizing Enterprise	Dunaújváros Electrical Service Enterprise
Szalmatlan, Inc.	Gyor-Sopron County Mixed Industry Enterprise
Trehoz, Ltd.	Kazincbarcika Car Repair Enterprise
Valor, Ltd.	Penta (Glove Factory), Pecs

Suzuki Trainees Leave Japan, Score Conditions

92CH0247A Budapest MAGYAR HIRLAP
in Hungarian 19 Dec 91 p 10

[Article by I.V. "Suzuki Denies Everything"]

[Text] A few young, future workers of the Suzuki works of Esztergom were unable to tolerate the Japanese work style and work methods, and therefore returned home after a brief stay in Japan. The youths criticized Japanese conditions, they had problems with their meals and accused the Japanese of having opened their letters and parcels. At yesterday's press conference, Hungarian Suzuki, Inc., Vice President Ishiguro Masayuki tried to dispel these unfavorable statements about Suzuki.

As it turned out, the Esztergom factory was Suzuki's 28th foreign plant and similar problems have not arisen in any of them. The vice president claimed that the only difficulty the workers could have experienced in Japan was that except for a 45-minute break, they were supposed to be continuously working during the eight-hour work period starting at 0700, and that they had to work overtime depending on orders received. Speaking of Japanese work methods the vice president said that they were working along production lines in Japan, and these were not Asiatic methods the way the young workers claimed, but constituted methods of production widely used throughout the world, even if not in Hungary. They were unable to change these developed, well-proven methods even for the sake of Hungarians. Other than that, they were gradually exposing the Hungarians to the

burden, initially they were performing only 30 percent of a Japanese worker's load. There were no problems with most people they have taken out for training. At present 65 persons work in Japan, and everyone is satisfied with them.

According to those who returned to Hungary the meals were insufficient and were not for the Hungarian taste. This critique is only partly valid according to the Japanese, because people would eat the same meals people eat locally anywhere in the world. Despite this fact and in response to the criticism, the Japanese have prepared Hungarian meals for those who worked there and significantly increased the size of portions. According to the vice president it is equally untrue that the Japanese had

opened the packages or had failed to deliver letters. This would be inconceivable in Japan. Some packages might have been opened by customs, because they had the authority to do so. By returning to Hungary and refusing further work the young workers unilaterally breached their contracts and will have to suffer the legal consequences, of course. These consequences will appear not in the form of a general duty to indemnify Suzuki under civil law, but "merely" as obligation to reimburse Suzuki for what the workers had received from the factory.

Accordingly, the "case" amounts to this much: nevertheless, it is a case in which Hungarians were once again able to introduce themselves abroad and failed to show their positive characteristics.

Constitutional Issues Once More at Forefront

Overview of Contested Points

92EP01274 Warsaw RZECZPOSPOLITA in Polish
29 Nov 91 p 3

[Article by Jerzy Stepien, member of the Senate Constitution Committee: "The Small Constitution. Written in Sections"]

[Text] Professor Michal Pietrzak recommends quickly adopting the necessary changes in the constitution (RZECZPOSPOLITA, 13 November), since the makeup of the political groups in the Sejm and Senate, formed as a result of the recent parliamentary elections, in his opinion, is creating with regard to current constitutional solutions the danger of an "operational paralysis of the nation."

In conjunction with this, Professor Pietrzak is proposing the following:

1. The president should have the power to appoint and remove the prime minister, and with regard to the latter also the ministers, and the vote of no confidence passed by the Sejm, with regard to the government, should be binding together with a simultaneous absolute majority Sejm vote for its candidate for premier (the so-called constructive vote of no confidence)
2. The Sejm should grant the president authority to issue decrees with the authority to become laws for a specific time period and regarding specific matters
3. Senate resolutions which vote down the draft legislation or introduce amendments were considered to be adopted, unless the Sejm rejects them by a majority of 11 to 20 votes
4. The initiative concerning a referendum belongs to the president and/or 500,000 citizens.

There is complete agreement on the proposals in points 2, 3, and 4. On the other hand, the suggestion concerning the introduction of a so-called constructive no confidence vote into our constitution is very controversial. This is entirely logical in a legal-constitutional system of relations between the legislative and executive bodies in which the president is chosen by the parliament. If, however, the parliament "can do more" (choose a president who appoints a government), then it should also have the authority to "do less," that is, to appoint a government without the approval of the president's parliament. This is the case in Germany.

If, however, the president is elected by popular vote (as in our case) then the constructive vote of no confidence consistently leading in a certain situation to deprive the president of any influence over the prime minister or on the government's makeup, upsets the logic of the German system.

We are the nation. I cannot help feeling that once again as before the war, we are writing a new constitution "for a specific person." Presidential powers in the March Constitution were hardly perceptible since it was expected that Pilsudski would be president; however, the April Constitution was passed again during Pilsudski's term. This time it was with the idea that presidential prerogatives would be broader. The effect of writing both constitutions was that after the first time, Marshal Pilsudski did not want to be president (he was not interested in being a figurehead president) and he did not live to see the elections under the April Constitution.

Certainly, the constructive vote of no confidence leads to a strengthening of the government's position created by the president, but only when it is successfully passed. At that time, the president loses control over the government, that is obvious, but is a government appointed by parliament as strong as the previous one?

This is true in Germany, since we are dealing with an extremely stable parliamentary system based essentially on two parties. In our case with a fragmented parliamentary political scene would it not be necessary to reach compromises which would satisfy no one?

Who should govern? We cannot forget about the fact that popular elections put the president in the position of the chief of the executive branch. The psychological union of the electorate with the president personally chosen by them is extremely important. If the parliament and the president are elected by popular vote then there must be another quality involved. Is the intention not perhaps the mutual importance of the legislative and executive bodies? For me it is obvious that this is the case, and it involves the real importance and not the proposed one.

And if this is so, then we must even before recording the temporary principles of a constitutional nature (temporary conditions... as is well-known are the most long-lasting) ask ourselves what system of government do we want. Are presidential, parliamentary-cabinet, or perhaps chancellor-type governments our goal? Each of these systems has its own philosophy which cannot be separated without impunity from the ways in which these governments are set up.

Therefore, if we have elected a president by popular vote, then we have recorded a very essential fragment of the future constitution: "We do not employ" the entire nation to elect a president of dubious qualifications.

The current constitutional order contains a contradiction in terms, namely, it is affected by the inconsistency between the position of the president elected by popular vote and the scope of his powers, and between the potential authority of this position and its formal-legal powers. This generates constant tension between public expectations directed at the president and the real ability to fulfill them. The constructive no confidence vote initially strengthens the position of the government with regard to parliament, but in the next moment clearly weakens this position toward the parliament and to some

extent removes the government from under the president's control, and the moment he is outvoted it leads to an obvious intensification of this conflict. From this time on, the president can only hand out medals and appointments.

Is this what we want? If not, then in that case we must think about the system of guarantees of presidential authority over a government with a parliamentary premier. The president's ability to dissolve parliament in the event of a constructive vote of no confidence can be an example of such a written guarantee.

All elections are very expensive. The most recent one probably cost us no less than 250 billion zlotys [Z]. To this we must add election campaign costs and everyone's nerves. Still a bad constitution can prove to be even more expensive. The central point of each is the relationship between the executive and legislative bodies. Therefore, it is worthwhile to calmly consider beforehand each of the possible variants. And it would be a very tragic thing if these constitutional records were to only satisfy the requirements of an improvised political game. Perhaps a better solution would be an ordinary vote of no confidence, an example being the August amendment, to be considered at the next session, counting the one at which it was submitted and combined with the power to dissolve parliament in case, for example, the government were to change twice in one year (such amendments have been adopted in Portugal).

In installments or piecemeal? Most frequently constitutions are a record of compromises which reflect the interests of political parties represented in parliament. This system involved in voting like a photo retains the sharpness of the flash at the moment it goes off. But life continues on at a terrific pace, proving that constitutional photography of immediate concerns is only suitable for the album.

Therefore, currently we believe that it is better that groups which have no influence on the ratification of the constitution prepare the entire constitutional project. It happens that the fundamental laws which have a granted character (an obtrusive or :) are even better. It would be ironic, however, if we were to fund for many years something which is composed of different patches, stitched together with the short-term interests of groups in our parliament voted in by a minority.

We must also remember about one thing, and that is that our constitutional tradition (if you exclude the Polish People's Republic era) never required the investiture of parliament to appoint a government. Even the March Constitution, which was universally considered as establishing the basics for a Sejmocracy did not require this.

From this point of view, even a discussion concerning the future premier takes an unexpected turn. Who will it be, will it be a candidate of one of the major political groups in the Sejm? Or rather someone who will represent the president?

Various Views on Small Constitution

92EP0127B Warsaw RZECZPOSPOLITA in Polish
29 Nov 91 p 1

[Statements collected by Zdzisław Semprich and Jerzy Pilczyński "The Small Constitution—Symbol and Need"]

[Text] What should the "small constitution" be and what regulations should it contain? We turned to several politicians and lawyers with this question. It appears that the president's initiative in this matter will be one of the first considered by the new Sejm.

Andrzej Kern, Deputy Marshal of the Sejm, Center Accord

The "small constitution" must strengthen the nation's executive body, primarily the office of the premier. It is also necessary to define precisely the relations of the nation's high-level bodies, eliminate anachronisms such as the one that the entire chamber decides on the makeup of the Sejm.

Janusz Sliwa, Deputy Marshal of the Senate, PSL—"S" [Polish Peasant Party—"Solidarity"]

The fundamental assumption of the "small constitution" should be the regulation of relations among the parliament, the president and the government. Only in the second phase of these changes can I see the granting of special full powers to the government. Both these regulations should be in effect for a specific time period, for example, for two years until the "large constitution" is ready.

The needs of the moment come out in support of this regulation. It is necessary to strengthen the executive body.

It is necessary to eliminate from parliamentary practice the custom of deputy commissions passing judgement on ministerial candidates. I believe that the decisions regarding the choice of heads of ministries should be left to the premier appointed by the president. Parliament could, however, confirm the cabinet as a whole.

Krzysztof Zabinski, Chief of the URM KLD [Office of the Council of Ministers Liberal-Democratic Congress]

Our earlier projects contained a complete package of proposals which makes it possible for the cabinet to function efficiently. I am thinking, for example, about combining certain legal initiatives together with a vote of confidence for the government, or indicating the sources for funding connected with implementing the new law. For now we are not in agreement even as to the scope of the matters which should now be regulated. We also do not yet know how far the president's project extends. Does it touch upon a wide range of different problems or will it just consist of several articles which allow for the appointment or dissolution of the cabinet. And

another thing, it is obvious that every change in these regulations must be passed by a majority of two-thirds of the vote.

Adam Zieliński, Chairman of the Chief Administrative Court

Current discussions concerning the basic law do not always distinguish the big flaw in the constitution currently in force, which is that it only helps in interpreting the laws in effect to a minimal degree.

The need for new regulation is evidenced by the government and it is not only the government after all which convinces us today how necessary a new outlook is on the mutual makeup of the government, the legislative body, and the president. In my opinion, however, it is equally important to formalize by means of a law of such rank yet another series of matters: designation in the basic law of a catalogue of citizens rights. Now, when such rapid transformations are taking place in the government and in the laws, the laws being created quickly with insinuations, gaps, need a catalogue which should serve as the foundation.

Deputy Krzysztof Krol, KPN (Confederation for an Independent Poland)

For the KPN, the "small constitution" has two meanings: a symbolic one and a functional one. The first concerns severing the ties between the PRL and the Third Republic.

More important, however, is the second meaning, the functional one. The "small constitution" must determine how to resolve the conflict among the Sejm, Senate, president, and government. The national mechanism must operate efficiently, without hitches or delays. Therefore, the "small constitution" should in certain situations allow for the opportunity to appoint a minority government. It would be good if it were to include a constructive vote of no confidence. We do not support, however, the idea of the president appointing the government. Despite everything, we also supported the strengthening of the parliament's role as a check on the government. The KPN has its own "small constitution" draft, however, if it does decide to submit it this will be a group of five coalition proposals.

Professor Wojciech Sadulewicz, Constitutionalist From PAN (Polish Academy of Sciences)

This definitely concerns two goals: a practical one and a symbolic one. The practical goal involves new regulation of relations of the parliament, the government, and the president. The executive body would then be strengthened. Of course, at the cost of decreasing the parliament's authority. I am not expressing my opinion on the expediency of this proposal because that should be done by politicians. I will only call attention to the fact that the Sejm at the end of the last term rejected similar solutions by arguing that it was not proper for a "contracted" Sejm to limit the powers of a parliament elected in free

elections. The symbolic aspect is based on the fact that certain political groups are interested in breaking with the past and the constitution of a discredited period. It appears, however, that the "small constitution" does not resolve this problem since it only regulates a certain range of problems. The remainder, for example, in the judicial arena, etc., must for now be regulated by the constitution in force.

It would be expedient if the temporary nature of this "small constitution" were emphasized through the regulation of the process of passage of a new constitution.

Deputy Jacek Oleśny, SLD (Electoral Alliance of the Democratic Left)

This concerns the strengthening of the executive body at the cost of the legislative organ. I do not understand, however, why we cannot pass the entire constitution all at once. After all, there is no lack of proposals. I am afraid that the "small constitution" once adopted may push this aside.

Another problem concerns whether the "small constitution" would replace the constitution in force completely or just in part. If the former is true, then it would be something else. It would not only concern the country's leadership, but would also have to confirm the laws and citizens' rights. In other words, it would have to represent a certain essence of the constitution and not just a fragment of it.

Discussion of Air Defense Models, Proposals

92EP0140A Warsaw POLSKA ZBRONIA in Polish
17 Dec 91 pp 1-3

[Interview with Colonel Franciszek Zygu, chief of missile forces of the Air Force and Air Defense Troops, by Stanislaw Lukaszewski, place and date not given "Air Defense, What Kind of Model?"]

[Text] [Lukaszewski] In our series of interviews on defense, we would now like to discuss the place and role of the missile forces in the system of air defense. To what degree does the past influence the current situation of the missile forces of the WLiOP [Air Force and Air Defense Troops]?

[Zygu] Let me begin with the Air Force. Since its inception, it has been used, among other things, to deliver strikes at the enemy, including important targets (cities and communication junctions) which are located even in the distant rear areas of the troops. Therefore, the need for organizing the defense of the troops and installations against reconnaissance and strikes from the air or air defense, was associated with the arrival of the Air Force. From the beginning, it has included the air defense of the country and the air defense of the troops.

Continuous rivalry occurred and still occurs, between means of attack from the air and air defense assets. At

the initial stage of development of the Air Force, anti-aircraft artillery and firearms sufficed. When it became increasingly difficult to combat ultrasonic planes with such weapons, missile materiel appeared which, for a while, tipped the scale of combat potential in favor of the air defense assets. However, the dynamic development of aviation technology, unmanned means of attack, and electronic systems caused modern means of attack from the air to become increasingly difficult targets for the contemporary air defense assets of, among others, our country. Therefore, yet another step in their development is necessary.

[Lukaszewski] However, the latest changes in strategic and military assumptions of Poland make it possible to implement radical changes which, to my mind, are particularly needed and anticipated in the missile forces of air defense. Is a lack of money the reason this is not being done?

[Zygis] Military strategic assumptions, which until recently were in effect for our Armed Forces, called for the ground forces to quickly leave the territory of the country and create an external front in the event of an armed conflict. The air defense troops protecting them were to leave together with them. In turn, a newly created combat arm, the WOPK [Troops of Air Defense of the Country], consisting of fighter aviation, missile troops, and radiotechnical troops was to ensure defense against reconnaissance and strikes by means of attack from the air.

Therefore, it was planned that air defense would be based on two independent systems—the OPK [Air Defense of the Country] and the OPL [Antiaircraft Defense] of the troops which would nonetheless always interact with each other more or less vigorously. In both systems, military units using antiaircraft missile systems played the main role. Technological differences notwithstanding, the armament of the missile units of these troops had, and still has, comparable firepower in view of similar standards of technology.

[Lukaszewski] You know best of all that the missile troops of both the OPL and the present-day WOPK, which were once modern, at present fail, to varying degrees, to meet the requirements of the modern battlefield, to say nothing of the battlefield of the future. Therefore, what is being done in order to reverse the situation?

[Zygis] In this matter, I would like to say frankly that, to be sure, these troops have an opportunity to affect means of attack from the air at relatively long distances (about 50 kilometers). However, their effectiveness is not satisfactory. Their resistance to interference, so-called single-channel availability, is rather low. Our resistance to the effects of enemy fire is poor and, in the case of the missile troops of antiaircraft defense, opportunities for maneuver are limited. However, for the sake of fairness, we should say that the stationary nature of the elements of missile troops facilitated complete automation of

controlling the fire of antiaircraft missile systems and the creation of composite elements.

However, service life, which is coming to an end or has already ended, is the common feature of all antiaircraft missile weapons.

[Lukaszewski] Political changes in our country have caused radical changes in strategic and military assumptions which are called the defense doctrine in the vernacular. What would you say about this?

[Zygis] These assumptions suggest that our Armed Forces will prepare to conduct a defensive operation in the territory of the country.

[Lukaszewski] What about your combat arm?

[Zygis] A situation has emerged with regard to the missile forces whereby two systems, whose tasks and potential overlap to a considerable degree, are stationed and operate in the same area. On the other hand, the role of air defense is due not only to the defensive nature strategy, but also the manner of engaging in combat. Taking into account the above conditions and the requirements posed for contemporary air defense, as well as the world trends in the development of the means of attack from the air, we should recognize that such defense in the territory of Poland should be uniform, effective, resistant, and maneuverable.

[Lukaszewski] You evaded an answer as to how we should conceive of air defense. It appears obvious to me that this is what air defense should be. The situation in which you referred above resembles the often repeated phrase—where two people fight.

[Zygis] In a modern air defense system which takes into account the needs of defending both the troops and installations, all forces and assets should be subordinated to one commander. In the missile troops, this necessitates including all units of short, intermediate, and long-range antiaircraft missiles (including those in the OPL troops) into a uniform system. In this case, the maximum use of combat potential calls for planning and deploying composite groupings with two or three echelons, a command which ensures their utilization in keeping with the same plan, and their cooperation on uniform principles.

[Lukaszewski] Will this guarantee success for us?

[Zygis] A radical improvement of effectiveness, resistance, and maneuverability in the system of air defense is only possible through replacing the missile weapons with materiel of the latest generation, which calls for tremendous financial outlays. Therefore, given the difficult economic situation of our country, we should rather look for solutions not requiring investment which take into account requirements for modern air defense.

[Lukaszewski] Everyone talks about these solutions not requiring investment, but very few find them. Are these not slogans for the sake of slogans? How would you comment on this?

[Zygas] The experience of our combat arm indicates unequivocally that in a period of transition, i.e. until the service life of weapons runs out, the inclusion of all units and tactical forces of short and intermediate range antiaircraft missiles into the combat operations of the WLOP is such a solution.

This would occur without changes in the organizational structures to date, taking into account only small revisions in the jurisdiction of commanders. These involve the selection of locations for grouping such means. At the same time, the maneuverable units and tactical forces of the Antiaircraft Defense Troops may, depending on needs and in keeping with a decision by the commander responsible for air defense, act as the reserve, restore, or replenish the already existing stationary system of installation and installation-and-field missile defense.

[Lukaszewski] This is a specific proposal.

[Zygas] The above considerations, as well as findings based on the analysis of contemporary functional systems of air defense, confirmed in addition by conclusions drawn from the experience of the missile troops of air defense to date, indicate unambiguously that in the future system, we should resolutely abandon the system of distributing defended installations and tasks between the troops in effect to date.

[Lukaszewski] Therefore, what should the model of the future air defense of the country look like?

[Zygas] For the conditions of our state, the model system of air defense should comprise all forces and assets which may be used: aviation, the missile troops (armed with antiaircraft long, intermediate, and short-range missile systems), and the radiotechnical and electronic warfare troops subordinated to the same commander.

[Lukaszewski] This reminds me of the once fashionable definition of an air umbrella.

[Zygas] I agree. All installations and troops in the territory of the country would be under this protective umbrella. In this case, forces and assets should be complemented by the antiaircraft "potential" making it possible to effectively destroy planes and helicopters at low altitudes in direct defense of the troops and installations. We should count the following among the thus interpreted means of air defense: mobile and portable antiaircraft short-range missile systems (up to 10 km), missile and artillery systems, antiaircraft artillery, and so on. They should be in service with sub-units and units of the OPL, military districts, and armed services.

[Lukaszewski] What about the traditional defense of the Air Force and the Navy?

[Zygas] The forces and assets of antiaircraft defense have traditionally provided, for the Air Force and the Navy, quite effective protection against planes and helicopters, primarily those attacking at low altitudes. I believe that there are no rational grounds to abandon this arrangement.

[Lukaszewski] What else do you propose?

[Zygas] If under the circumstances we accept the principle of engaging in combat in the airspace on approaches, lines, and in the entire air defense zone, we should create elements of battalions (batteries) with two or three echelons, armed with at least two types of antiaircraft missile systems (short and intermediate range). A multilayered system of fire should create independent zones of the destruction of the enemy's means of attack from the air with the same effectiveness at different altitudes. Operations in these zones will be supported, mainly at low altitudes, by the fire of antiaircraft short-range missile systems and antiaircraft artillery. They are in service with units and tactical forces of the ground forces and the Navy.

[Lukaszewski] Given the difficult economic situation of our country, is it advisable to destroy the structure and infrastructure of the functioning systems?

[Zygas] Of course, it is not. However, it is advisable to streamline them by way of adapting them to the proposed model arrangement. I repeat that this should be accomplished by subordinating all elements of the system to the same commander, creating a uniform detection, command, and control subsystem, and integrating tactical combat training.

[Lukaszewski] Meanwhile, one gets the impression that the Air Force and Air Defense Troops, and the Antiaircraft Defense Troops are not of the same mind.

[Zygas] On a global scale, our proposals are intended to increase the combat potential of the missile troops and to change guidelines for their use on the future battlefield.

Features of 1992 Provisional Budget Presented

92EP0144A Warsaw GAZETA BANKOWA in Polish
No 51, 22-28 Dec 91, p. 1

[Article by Witold Gadomski "The Printing Plants Are Already Working"]

[Text] The outgoing government under the temporary leadership of Deputy Prime Minister Leszek Balcerowicz has sent two documents to the Sejm almost simultaneously: the proposed law on the provisional budget for 1992 and the proposed law amending the budget law for 1991. The latter increases the permissible state budget deficit for the fourth time. It is highly likely that the budget for the coming year will be changed even more frequently.

Let us recall that the September amendment increased the permissible budget deficit from 4 to 26 trillion zlotys.

[2] The current amendment adds another Z5 trillion and the deficit will be Z31.050 billion. Such a great difference between the initial estimate and the final results speaks poorly of the precision of the calculations at the Ministry of Finance and strengthens the arguments of the opponents of the hard financial policy. Since nothing great happened as a result of the eight-fold increase in the deficit, then how seriously can the limits of the budget deficit for 1992 set by the Ministry of Finance be taken.

The outgoing government explains the successive increases in the deficit by the need to increase the subsidies for social insurance. The contributions to the Social Security Agency were Z2.9 trillion less than expected, the visible effect of the difficult financial situation of the enterprises. Simultaneously, expenses for social insurance were Z1 trillion higher than planned in September, chiefly as a result of the Sejm adopting the retirement law in October 1991. At least we can be satisfied that the variant proposed by the left was not adopted. Then, the hole in the budget would be several trillion larger.

Payments to banks for housing construction will also be Z500 billion higher, the budget will purchase a portion of the capitalized interest for loans for housing construction.

The increased budget deficit will be financed with a loan from the National Bank of Poland. That means the budget deficit will be monetized by printing worthless money. Covering the deficit in any other way became impossible due to the worsening financial liquidity of the commercial banks and a decline in the demand for treasury bonds since the middle of November.

The budget situation for 1991 shows the kinds of problems we face in 1992. The government was unable to present a budget covering the 12 months on time, thus we are entering another year with a provisional budget for the first quarter.

The budget deficit for the first quarter is to be Z5 trillion and is to exceed Z48 trillion for the entire year. (The latter number is an initial estimate.) That means that 16.6 percent of the entire annual deficit will be "consumed" during the first three months. Such advance means can be considered unrealistic. That rather looks like delaying difficult decisions concerning cuts or agreement to inflationary budget financing for latter months. That practice was typical of 1991, and I suspect that it will gratefully be adopted by the current Sejm, which as yet has no experience in adopting a budget. That means that in a few months we will again face the problem of what to cut or how to finance the deficit.

Passivity is the chief flaw in the provisional budget. There is no genuine shift from passive expenditures toward financing economic development. Instead, it defends the budget and social spheres, obviously at a level lower than before.

Current expenditures in the budget sphere will be Z42 trillion or 48.7 percent of the total budget expenditures during the first quarter (58.7 percent during 1991). A huge sum, more than Z18 trillion or 21.4 percent will be absorbed by subsidies for social insurance. In 1991 that sum did not exceed 15 percent of the expenditures. Such a great increase in expenditures for insurance is the result of two factors: demographic trends and changes in the retirement law. For 1992, budget expenditures for subsidies for social insurance could total more than Z80 trillion, while in 1991 they were "only" Z36 trillion.

Asset expenditures, those which contribute to structural changes in the economy, will be not quite Z3 trillion, while in 1991 they were Z17 trillion. In real terms, that indicates a more than two-fold reduction in asset expenditures.

The list of central investments will be drastically cut. Of the 55 items for a total of more than Z24 trillion in 1991 (just the budget subsidies are concerned), only a few will remain.

Subsidies distributed by the Ministry of Industry and Commerce will be reduced from more than Z7 trillion in 1991 to not quite Z1.2 trillion in the first quarter of 1992, a relative decline of more than 50 percent, including inflation and the passage of time. It is worth noting this item not to save the subsidies, but to arouse awareness that there are no reserves in this budget item. Settlements with the banks for housing construction amount to Z4.8 trillion of the budget during the first quarter. Additionally, there is the Z3.8 trillion for subsidies for housing cooperatives for maintaining housing structures. During 1991, Z5.6 trillion were earmarked for settlements with the banks, thus the increase is significant (relatively more than two-fold). Again, the position of passive expenditures increases relatively.

Object subsidies for products and services are to be sharply reduced. This action aims in the appropriate deflation (limiting passive expenditures), but the planned reduction does not appear realistic. Of the Z9.5 trillion for 1991, Z1.5 trillion are to be spent in the first quarter of 1992, a relative reduction of more than 50 percent. Subsidies for coal mining, which consumed more than 50 percent of the object subsidies in 1991, are cut most severely. In the coming quarter, they are to be barely Z600 billion, relatively a nearly three-fold reduction. Sharp increases for coal for the population and industry must be the result. In 1991, the budget paid more than Z30,000 for every ton of coal mined. Calculations show that in 1992 the sum will only be Z15,000, and we must remember the increase in the costs of production associated with inflation. It is clear that some of the mines are approaching bankruptcy.

Sharp reductions in subsidies for passenger trains and buses are planned. In 1991, these subsidies were Z2.9 trillion, the plan calls for Z700 billion. Without a large increase in fares such a reduction will be impossible.

The provisional budget promises little to individuals having old claims for prepayments for cars. They will receive one-fifth of the subsidy for 1991.

Farmers have Z600 billion for subsidies for loans in the provisional budget, while in 1991, the subsidies were Z1.1 trillion. Relatively, there is some increase, but it is doubtful that the peasant activists will be satisfied.

The unemployed are to receive Z5 trillion from the Labor Fund for the first quarter (for the entire year more than Z10 trillion). That will be 86 percent of the expenditures of the Labor Fund, while in 1991, benefits consumed not quite 80 percent of the fund. Again, there is a shift toward passive expenditures at the expense of active ones (loans, retraining, vocational training, etc.).

Budget expenditures for purchases of old debts are consuming larger sums. Interest for dollar obligations (the "loan" taken by previous governments by taking the convertible-currency deposits of the public) will consume Z2.5 trillion during the first quarter. And we must also remember the repayment of the foreign debt which in 1992 will cost our budget \$2.5 billion (in 1991 \$1.113 billion).

In sum, budget expenditures for the first quarter are to be Z86.15 trillion, the income is to be Z68.55 trillion. We should note that in successive versions of the provisional budget, expenditures have been increasing as the income remained unchanged (it is an extrapolation from 1991). Without any great risk, it is possible to assume that the Sejm will add expenditures of several trillion zlotys, and the deficit will certainly reach Z20 trillion.

Income and turnover taxes should bring in Z45 trillion from enterprises, and the income tax, 9 trillion from physical individuals. Customs should produce Z6 trillion, the tax on excessive wage increases, Z5 trillion. But if the expenditures in the provisional budget will prove greater, it will be difficult to count on a larger income. The Z68.55 trillion could prove to be an overly ambitious plan, unless inflation is greater than the 16 percent planned for the first quarter. The issue of earmarking resources from the sales of the property of the State treasury (privatization) aroused controversies in the government. The minister of ownership transformations intended to earmark these resources, nearly Z1 trillion, for the development of the privatized enterprises. But Balcerowicz's plan of financing the budget sphere from the privatization income won out in the provisional budget. It is perhaps the most visible example of the passivity of the proposed budget.

In searching for savings, the Council of Ministers decided to suspend the revaluation of wages in the budget sphere and to abandon the amortization of loans for apartments not put into use by 31 March 1992. The government is also proposing to increase the maximum rate for the income tax for physical persons from 40 to 50 percent and to increase contributions to the Social Security Agency.

The shortfall in the budget is to be financed by sales of treasury paper and state bonds. It appears unlikely noninflationary financing of such a large deficit, which will be nearly 10 percent of the gross national income, is possible. In any case, that is clear from the case of 1991 when the last life saver for the budget was the printing plant on Konwiktorska Street.

The proposed provisional budget will surely be submitted to withering criticism in the Sejm and then adopted with amendments increasing the deficit.

The passivity of the budget does deserve criticism, however, we must realize how it might have been active. The budget should finance development to a greater degree, i.e., structural transformation in industry, privatization, increase bank capital, etc. In 1992, budget expenditures will be needed for clearing the banks' portfolios of bad debts, for loans for state enterprises with realistic adaptive programs, for creating guarantee funds for the financial system, which is beginning to creak. These expenditures are not included in the provisional budget.

CARE Investment in Small Business Assistance

WZEP0157B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 19 Dec 91 p 11

[Article by Zofia Krajewska, "CARE Is Investing in Poland"]

[Text] Washington—CARE, the well-known American organization supervising the distribution of a foreign aid package of nearly \$150 million, has decided to enter East Europe. Its first investment bridgehead will be Poland, for which CARE has established a special fund called CARESBAC-Poland. The principal founders and shareholders in the fund will also be, in addition to the Small Business Assistance Corporation, a branch of CARE specializing in financial sponsorship and technical assistance to small and medium-sized businesses, the OPIC, an American corporation for private foreign investments, as well as the Polish Agricultural Foundation, established in 1988 by David Rockefeller. The Polish side will be represented by a government foundation known as the Cooperation Fund.

CARESBAC-Poland intends to invest more than \$4.6 million in our country. One-half of the investment pool will derive from a traditional form of foreign assistance by the United States. Under the adopted agreement, the United States Department of Agriculture is transmitting to Poland some surplus soybean harvest. The monies obtained by our government from these grain sales are to be subscribed to the CARESBAC-Poland Fund via the government foundation, that is, via the Cooperation Fund. The other \$2.3 million is subscribed by the OPIC, a corporation of the United States Department of State which had previously been insuring the American companies investing in Third World countries.

The starting premise of the CARESBAC-Poland Fund is that its resources will be allocated chiefly for financial assistance to small and medium Polish private enterprises. The investments will be accompanied by technical assistance and training programs. The rules for CARESBAC investing were defined as follows. Investments may range from \$750 million (as published) to \$3.5 billion (as published) in size and be provided in various forms, from participation in capital stock or profits to leasing, short-term credit, or short-term loans. CARESBAC is interested in investing exclusively in relatively small Polish enterprises employing from 15 to 100 persons each and having an annual sales volume of the order of 2 to 20 billion zlotys (Z) and assets estimated at from Z500 million to Z5 billion. Companies linked to farming and light industry but producing for export, as well as printing plants, construction enterprises, and environmental protection enterprises will be especially preferred.

The profits from the projects financed will be under CARE rules, deposited into the organization's account. Thus this is not a question of giving or charity; this is business, as Orville Freeman, the head of CARESBAC and former United States Secretary of Agriculture, emphasized. He added, however, that the profits earned by CARE will be in their entirety allocated for further humanitarian aid and investments in protecting Polish environment. At any rate a beginning has been made, and the CARESBAC fund may prove a major capital and investment momentum to Poland as well as a magnet attracting other American businessmen. That, precisely, anyhow, is the fundamental aim of this new financial initiative by CARE, an initiative that should be valued not just in terms of dollars but above all as an element overcoming the barriers of the reserve and caution shown by foreign investors.

Information about credit and investment applications can be obtained directly from the offices of CARESBAC-Poland, 00-920 Warsaw ul. Smolna 40. Telephone: 264711. Fax: 264711.

Focus on Enterprise Debt, Tax Burden, Policies

92EP01574 Warsaw RZECZPOSPOLITA (ECONOM) AND LAW supplement in Polish 23 Dec 91 p 11

[Article by Antoni Kowalik. "Some Are Hobbled by Debts, Others by Policy. Enterprises Owe 139 Trillion to the Banks and 21 Trillion to the Budget"]

[Text] Everything indicates that, despite the revival of industrial output last November and some increase in sales volume compared with the previous months, enterprises will end this year in a much worse condition than they had begun it in. The arduously earned profits are being soaked up by debts and budget obligations. And the enterprises which can afford dynamic expansion are delaying their plans for next year while waiting for a clear government policy.

The debt of enterprises to the banks early in November amounted to 139 trillion zlotys (Z), of which about Z22 trillion was owed by plants which have already forfeited their creditworthiness. The number of such enterprises is constantly growing, as shown by an analysis of the Central Planning Office. At the end of the first half of the year they totaled 1,457; in the third quarter, 2,106; and after the first 10 months of this year as many as 2,403.

The above group includes 968 industrial enterprises, 386 commercial enterprises, and 761 agricultural entities. Analysis shows that 829 of these have been bereft of their creditworthy status for more than three months. Receivership proceedings have been instituted against 115.

Bank debt is not the only burden on the enterprises. Increasingly often taxes are another burden. At the end of October the obligations of the enterprises to the central budget, such as the income tax, the dividend, and the tax on wage increases, exceeded their gross profits by Z1.2 trillion, that is by 17 percent. Taxes in the same industry exceeded the net profits by as much as 14.5 percent. Altogether, after the first 10 months of this year, the enterprises owe the central budget more than Z21 trillion, whereas at the end of the first half of the year they had owed more than Z15 trillion and in September about Z20 trillion.

As a result of this accumulated burden, despite their improved financial performance in October compared with the previous months, the economic condition of the enterprises has not improved. Altogether during the first 10 months of the year they earned profits of Z70 trillion (gross profits of Z97 trillion minus losses of Z27 trillion) which is barely 48 percent of the financial results attained in a like period last year. The trend toward a marked growth in extraordinary losses is continuing. The balance of these losses and profits, which had amounted to Z2.5 trillion at the end of the first half of the year, rose to Z9 trillion at the end of October. The extraordinary losses are due to the interest charged on invoices and bank credits that were not repaid on schedule. This situation is aggravated by the continuing arrears in payments.

These figures point to an extremely difficult financial situation of the enterprises. Many lack the funds for normal operation as well as for the acquisition of producer goods.

The enterprises are sending out signals that their proper operation is also complicated by the absence of policies—in particular, the economic-financial system for the next year. For this reason, many are delaying the acceptance of production orders for the immediate future and the adoption of long-term growth decisions. In their opinion, a stable policy is rendered impossible by the frequent changes of regulations, some even with retroactive power. What is more, these changes are communicated to the concerned enterprises too late and admit an ambiguous interpretation.

The voivodships, too, are sending in signals critical of privatization. The principal problems mentioned are the absence of legal regulation of the ownership of enterprises, the lack of freedom in disposing of treasury property by treasury representatives, the shortage of executives ready to accept responsibility for the decisions taken, and the shortage of managers capable of directing the transformed enterprises.

Freedom of action in restructuring and privatization is hindered by the excessive size of the assets of [state] enterprises. In the opinion of interested parties, the most advantageous way of accelerating the transformations would be a gratis transfer of ownership assets to the [privatized] enterprises or quashing the amount owed for acquiring assets if these are transferred gratis to the ownership of the *gmina* [local government]. The signals coming in from the voivodships also stress the keenly felt absence of implementing regulations concerning the amendments incorporated last September in the law on state enterprises. This concerns in particular the disposition of nonmanufacturing assets and the transfer of the assets owned by a plant in receivership. Placing a plant in receivership as a means of privatizing it is also being hindered by the workforce's obligation of putting up 20 percent of the value of the capital stock, because the workforces of such poorly performing plants rarely accept participation by outside investors, viewing it as a threat to their own interests.

Summary, Critique of Foreign Aid Programs

92EP01514 Warsaw RYNKI ZAGRANICZNE in Polish
No 150 14 Dec 91 p 1

[Article by Tadeusz Lamacz "Who Is Giving Us Assistance and How Are They Assisting Us?"]

[Text] Since mid-1989, our country has been receiving aid not subject to repayment from the most highly industrialized countries. Until mid-1990, this aid was primarily in the form of deliveries of food of an estimated value of \$400 million. In addition to this, an assistance base was developed in the form of the so-called Stabilization Fund (approximately \$1 billion) to stabilize the zloty and, in reality, to constitute a currency reserve.

At the end of last year, assistance not subject to repayment changed to scientific-technical assistance. During the period from 1991 to 1993, total assistance of this kind will be somewhat in excess of \$1 billion. From the largest donor, the EEC, we have received \$500 billion. This is followed by the United States, from which we have received upwards of \$300 million. Other noteworthy donors are Switzerland and Italy (each of which have given aid valued at \$50-\$60 million).

The most spectacular form of assistance during the second period (since the end of 1990) is the EEC PHARE program [Poland and Hungary Action for Reconstruction of the Economy]. Within the framework of this program, we have been granted 200 million ECU, or

approximately \$240 million. Our government made an agreement with the EEC Commission to earmark these funds for a plant protection program (50 million ECU), a line of credit for agriculture and the agricultural-food industry (30 million ECU), a line of credit for small and mid-size enterprises plus consultation (25 million ECU), an animal fodder program (20 million ECU), a program for inter-university exchange (12 million ECU), a program for supporting privatization (9 million ECU), a program for developing the foreign trade infrastructure (8.5 million ECU), a program for developing rural telecommunication (6 million ECU), enterprise restructuring (4 million ECU), vocational education (2.8 million ECU).

Implementation of these programs is at the halfway point. The programs consist of training and financial consultation by the donors and the granting of credit repaid in zlotys to specific institutions in Poland. Another form utilization of PHARE funds is illustrated by an example. The Rafako firm is receiving credit for the serial production of installations to desulphurize waste gasses for electrical plants fired with coal. Rafako is distributing inquiries offering this program to enterprises possessing such technology. After making its selection of the technology, Rafako, using PHARE credit repaid in zlotys into the National Environmental Protection and Water Management Fund, purchases it on a license basis. We have 11 such arrangements in environmental protection alone.

American aid is more problematical. It is marked by low utilization (about 45 percent). We are implementing 13 programs of which the most important one (because it totals \$110 million) is the Polish-American Enterprise Fund. Within the framework of this fund, credit is granted for private firms (through the brokerage of Polish banks) and bank personnel receive training. Moreover, the fund gives capital deposits to banks, grants technical aid to credit recipients and it finances certain institutions which act on behalf of the private sector. But only 60 percent of these funds are used as well. Why? Because the procedure for activating the funds is complicated, especially when American institutions and firms begin to bid to carry out the programs. Moreover, Polish institutions do not have experience in designing such programs; consequently, one hears of the "low absorption of American aid."

The Swiss are interested primarily in helping in the area of training bank managers and cadres, tourist bureaus, and the health service. However, the level of utilization of such aid is still lower than American assistance (about 30 percent). Italian aid meets with a relatively low absorption barrier. Of \$1.2 billion Italian lire [Lit] in preferential credit, about Lit18 billion are waiting to be distributed by the "Szwarc" commission in the CUP [Central Planning Administration]. True, we did have trouble with the procurement by Argos of the very large amount of food we received, but it is successfully being placed gratis in care facilities, in hospitals, and in orphanages.

Among the many lesser donors is Australia, in the framework of its APTEE program, to date, a dozen or so apprentices have been sent to Australia and a few joint ventures have been financed in which our side was represented by the Committee for Scientific Research, the Foundation for the Development of Local Democracy or organizations of filmmakers.

Austrian aid, estimated at 6.5 billion zlotys [Z], is achieving similar results. Training is also a major item of the 10 million ECU of Danish aid. However, the Danes are likewise financing a dozen or so power industry projects and several environmental protection projects. France is also concerned about our education: nearly half of the France-Poland Foundation funds already disbursed have been designated for this purpose.

Other small donors are Germany (3 million German marks [DM] per year, plus practical training in Germany) and Japan (upwards of 150 apprenticeships in Japan, plus \$400,000 to outfit the Teatr Wielki in Warsaw, expert analyses for utilizing trash in Lublin and Poznan and purchases of medical equipment for several hospitals). Between these donors and the main donors (the EEC, the United States, Italy, and Switzerland) is Great Britain, which renders its aid primarily through the Know-How Fund (this amounts to 80 million GBP [Great Britain Pound]).

Why is this relatively small amount of aid not being utilized in full? The answer emerges. Because it is small. It cannot be compared with the comprehensive aid given within the framework of the Marshall Plan, which simultaneously eliminated many economic bottlenecks. It is flowing into Poland during a period in which the economic situation is bad. Thus, the effect of its being absorbed during the course of an investment boom is lost. It is also too small to bring about a revitalization.

There are, however, more mundane obstacles. In order to implement a large number of programs, prime enterprise funds are needed (for servicing equipment, remunerating Polish personnel and the like) and the plants—particularly budgetary units—do not have these funds. Moreover, the donors are demanding a cost commitment to the projects. This emanates from the assumption that aid is supposed to support local ventures and promote the rational management of prime enterprise funds. Regulations that prohibit budgetary units from repaying a portion of the assistance (credits in zlotys constitute a further complication). Moreover, banks always have difficulty creating foreign exchange accounts in ECU units.

The issue of the equal treatment of firms participating in bidding to do work financed by assistance has not been resolved. EEC enterprises offer goods at prices reduced by the amount of the value-added tax. Polish firms, on the other hand, are not free from taxes when they take part in bidding. The issue of the taxation of foreigners employed to implement programs financed by foreign

funds and the issue of the remuneration of Poles and their status in work on such programs have also not been resolved.

Finally, there is the need for the proper management of aid on the national level. At present, there is no such setup of institutions and positions so as to formally manage aid as an element for the implementation of programs of select importance. The government plenipotentiary for foreign aid affairs may coordinate the designation of aid funds with the ministries to implement specific investments, but he is not required to do so; moreover, both he and they have their own priorities.

It seems that a good organizational solution would be to combine institutions managing aid and the debt (since the FOZZ [Foreign Debt Service Fund] collapsed there is no institution managing the foreign debt). A single organ managing foreign funds would have more to say to ministries regarding the implementation of priority projects.

Economist Reviews Policies, Favors Intervention

*92EP01334 Warsaw ZYCHE GOSPODARSTWA
in Polish 17-24 Nov 91*

[17 Nov pp 1, 7]

[Article in two installments by Grzegorz W. Kolodko, professor, Main School of Trade (formerly Main School of Planning and Statistics), Department of Planning and Economic Policy "New Economic Policy"]

[Text]

The Fiscal Trap

Strong feedback is taking place between the economic situation and the political situation. There is no doubt that in the present phase of market transformation, this feedback is functioning in somewhat of a destabilizing manner, and the continuation of the current economic policy would serve to worsen an already very bad situation in both spheres. Consequently, a basic reorientation of economic policy is needed to exit from this difficult situation.

Economic policy must aim at basing the process of the gradual transformation of the system on developmental trends in the real sphere and at balancing the entire economy, particularly the budget. Given these aims, it is necessary to formulate a new economic policy (NEP), which should be based on a new social contract. Of course, it is possible to continue the policy now in effect. However, it must be clear where continuing the policy will lead. This requires not only knowledge but also imagination.

The point of departure for formulating a new economic policy must be a correct diagnosis of the status quo. The evaluations that have been made in this area are so disparate that it sometimes becomes impossible to carry on a rational discussion, even if marginal views are

eliminated. Although I do not wish to develop this subject here, I would like to note that there is no unequivocal answer to the status quo question. The answer differs depending upon the criteria of assessment that are applied, upon interests, professed values and upon the perspectives from which phenomena and processes are viewed.

What Led to the Present Situation?

At least five criteria must be indicated. These are questions which methodologically order the subject (the scope) of assessments comparing the present situation with another point of reference:

- What the status quo is compared to what it was?
- What the status quo is compared to what it would be if the policy of the previous period is continued?
- What the status quo is compared to the hypothetical situation of using a different kind of option of economic policy (i.e., not a continuation variant, but a reform variant, but a variant of reforms that differs from those that have actually been implemented)?
- What the status quo is compared to expectations?
- What the status quo is compared to the hypothetical situation we could be in, if we were to conduct an economic policy that approaches the optimum within the framework of a well-chosen concept for shifting over to the market and democracy?

Thus, depending upon what two items we are comparing, once we will arrive at an answer that things are worse and another time at an answer that things are better. Moreover, if we use the same items and apply different criteria, our answers may also differ. However, the problem is much more complex than this: each of the five above possibilities must be considered on two planes.

First, from the viewpoint of whose interests we are seeking an answer. Second, are the assessments made from the viewpoint of a short-term or long-term period? After all, the expectations of workers over a brief period are totally different from the expectations of private entrepreneurs over the long term. For the unemployed, things are worse than they were; for pensioners, things will be worse than they now are. Thus the enormous divergency of assessments is understandable given that one of the basic processes accompanying the transformation of the system is a tremendous redistribution of income and assets. And this process will continue. This has specific implications, including implications for economic policy.

In order to formulate the proper shape of economic policy for the future, we must answer the fifth question outlined above, for I have no doubt that progressing to the market and democracy as quickly as possible is the only valid option. Thus, in assessing the present situation, I compare its shape with the hypothetical situation which is possible to attain given an improved economic policy. (The shape of the present situation is also very disputable, but for the sake of simplifying things, I will

not treat it at any greater length and will not take sides on such issues as how much production has really declined, the employment situation and so on and so forth.)

Such an assessment must be unmistakably negative. In-depth studies on this subject show that we could have attained more at less cost. We could have attained stability on the commodities market and reduced the inflation rate more significantly with a lower level of recession and unemployment, all with more progress in the processes of transforming the market. However, that is not the reality (it is worse), for economic policymakers have committed many technical blunders because of a lack of professionalism in actions and a lack of imagination and responsibility. We were cautioned against this; however, they are not mistakes which, for all that, can be rectified by objective factors.

To answer the preceding question as succinctly as possible, we must look at the five groups of causes of the present situation, since there is no single cause for the difficulties that plague the economy. In the first place, there is the legacy of the past: the inertia of the processes still languishing in the ineffectual reform of the centrally planned economy. If we still had a centrally planned economy, we would still have had a recession, but it would not have been such a severe one, for the economic growth rate would have been weaker (for various reasons, and not only in Poland) during the second half of the 1980's.

Second, the external shocks, especially the breakup of CEMA (this was predictable and its negative consequences could have been partially eliminated with a joint effort by the interested countries) and the Persian Gulf War (which could not have been anticipated before a certain point).

Third, the recessionary consequences of emerging from an economy in which no choices were offered (i.e., the effect of eliminating the lack of choices) and of eliminating production with a negative added-value. These are the costs of the transformation which cannot be completely eliminated. The level of the recession resulting from this, however, is much greater than was necessary. The excessive restrictiveness of financial policy, along with the simultaneous excessive liberalization of trade and the over-expansive policy of opening the economy to competition from the outside eliminated many products which brought added value or which would have brought it if prices approaching world prices on some partial markets had been introduced somewhat more slowly.

Fourth, essentially all types of stabilization (although there are exceptions) are based on the macroeconomic steering of the demand of economic organizational units. This leads to recession and accompanying unemployment. Thus, this sequence of the postsocialist economy cannot be avoided.

The fifth group of causes of the present situation is blunders in economic policy, of which there are at least

two types. The first type emanates from the enormous sphere of uncertainty, from lack of information, lack of time and the pressures of conflicting interests. Such errors include, for example, the clearly excessive scope of zloty devaluation in January 1990. Other kinds of errors are errors in conceiving policy, in the structure of its set of instruments and in the sequence of actions.

It is impossible to make an analysis of regression and to determine the precise meaning of the individual factors making up a bad economic situation. Political arguments, which lack the necessary scientific argumentation, exhibit extreme views that only the first or only the fifth group of causes is of importance. Other views unduly stress the second or third group. I do not believe that any of these causes (and, ultimately, the dividing line is a fluid one) have justified more than 30-40 percent of the present crisis. However, I do see that errors in economic policy, which are manifested on three major planes of policy in the transformation of the system in economic policy play a principal role in the present crisis.

Thus, the policy of macroeconomic stabilization was clearly shot down; the sequence of certain actions (especially in monetary policy) was awry and indispensable flexibility (which is still often confused with weakness) is lacking. In the second place, many errors have been committed related to institutional changes, errors not related so much to the slowness of change as to a certain lack of vision and inconsistency of changes. Finally, in the sphere of microeconomic restructuring, in reality the lack of a policy for the development of competition and the adoption of false underlying assumptions regarding the automatic nature of the desired processes for microeconomic adjustments were basic errors.

These errors did not come from thin air, but have from deeper causes. We must assume, after all, that the total picture of the policy for transforming the system is based upon a neoliberal-monetaristic doctrine. To put it simply, this doctrine assumes several major directions of transformation and it overstates the success (or rather the lack of success) of the entire plan.

A Logical Contradiction

The most important assumption is stabilizational shock therapy. This is an assumption which is valid in and of itself, although it is very poorly implemented. The next assumption speaks of the almost immediate deregulation of the economy. Likewise this plan is generally correct, but (outside the former GDR) impossible to execute. In Poland actions must take time and they must be carried out swiftly, but gradually. The next assumption is the sudden opening of the economy to the outside and its subjection to foreign competition. This direction is ostensibly valid, but the scale of this opening of the economy and of its exposure should be moderate, otherwise the destruction of the real sphere will be excessive (in this case even in the former GDR). Finally, the last of the major assumptions concerns rapid privatization,

which is somehow supposed to raise allocational efficiency quickly and rapidly yield production results. This is quite doubtful. Sometimes it is possible, but does not necessarily occur, and under the changed conditions of postsocialist economies it simply will not occur. The pro-demand effects of privatization are determined by the appropriate macro- and microeconomic policy and they do not appear either automatically or quickly.

A logical contradiction marks the neoliberal-monetaristic doctrine of the macroeconomic concept for stabilization and for making institutional changes in the postsocialist economy. This contradiction is that macroeconomic stabilization always requires a greater reduction in state outlays than in its income (at the starting point, outlays as a rule exceed income and a deficit occurs). On the other hand, institutional changes made on the basis of a neoliberal-monetaristic doctrine are followed (during the middle period) by a greater reduction in income than in outlays.

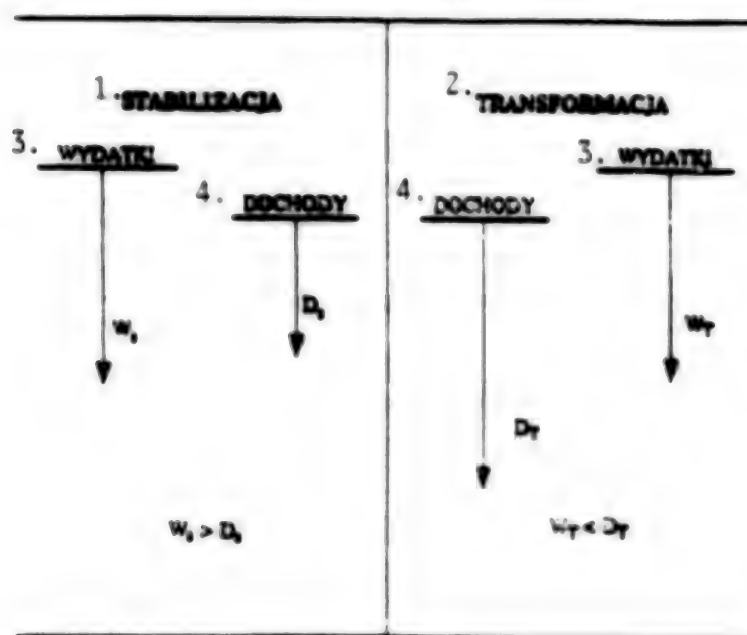
Illustration 1 shows the tendencies that occur in this area. In Poland in 1990, the level of the reduction of real outlays (W_t) was greater than the level of the reaction of real budgetary income (D_t), i.e. $W_t > D_t$. This occasioned the finance minister, in February 1991, to speak in the Sejm, without the necessary foresight, of "healthy public finances," although they were unhealthy. After a somewhat longer period, it became clear that real income had declined much more than outlays ($W_t < D_t$).

Such a contradiction means that we are dealing with the reverse effect of fiscal adaptation: the effort to balance state finances leads to their imbalance. The case of Poland is so clear that it is a classic textbook example for the period. This contradiction is inevitable to a certain degree and its level nonetheless changes in time and space. The real mistake is drawing conclusions based on one's errors, although some people try to draw these conclusions based on the errors of others.

In Czechoslovakia, for example, in 1991 we note a budgetary surplus (just as occurred in Poland a year earlier), a surplus in the balance of trade (which also occurred in Poland), a recession (on a smaller, but significant scale) and, over the course of the past four months, zero inflation. In Czechoslovakia, however (in this case distinct from Poland), macrostabilization was not shot down. However, the current favorable situation may prove—rapidly—to be temporary if the indispensable actions, which in Poland were trivialized, are not taken there. And this once again amasses an enormous potential for inflation.

Consequently, not only will destructive processes be maintained in the real sphere (primarily, but not only in the state sector), manifested in recession and in growing unemployment, but in time triple-digit inflation will recur. At that time demands to quell it as a phenomenon may appear, bringing the threat of a recurrence of a lack of choices.

Illustration 1



Key

- 1. Stabilization
- 2. Transformation
- 3. Outlays
- 4. Income

A Crooked Spiral

If we take a look at the outlined economic programs of the coalition members of the new government—and these members are in conflict not only with each other (which is understandable) but they are also sometimes internally in conflict (which is difficult to understand and unacceptable)—then for a moment it seems that we have not so much arrived at a situation of no return as at a situation with no exit. But that is not true. By what route have we arrived at this situation?

The development of slumpflation over the last two years is the best illustration of this: the production decline (and the increase in unemployment) accompanies inflation (illustration 3). At the same time, the level of prices during the unsuccessful implementation of the neoliberal-monetaristic doctrine increased 16-fold! We should be aware of this. At the same time, production (measured by the GDP) declined by about 20 percent and unemployment rose from zero to more than 11 percent and, without including farming, to about 18 percent. On this route—let us call it the postcommunist crooked spiral (due to the shape that demonstrates certain truths of the process we are analyzing) some periods have been characterized by positive tendencies. Unfortunately, they

were shortlived and transitional. This is the case in particular of the drop to the right, if we take a look at only a quarterly analysis.

This direction signifies the curbing of the recession (or simply the increase in production) together with the simultaneous reduction in the level of inflation. Unfortunately, due to the errant economic policy, the direction of the drop to the right is not a permanent tendency, for the economy is sunk very deeply in the slumpflation syndrome. What's more—and this must be stressed once again—the continuation (even with correctives) of the policy of the last two years will consolidate the destructive economic processes.

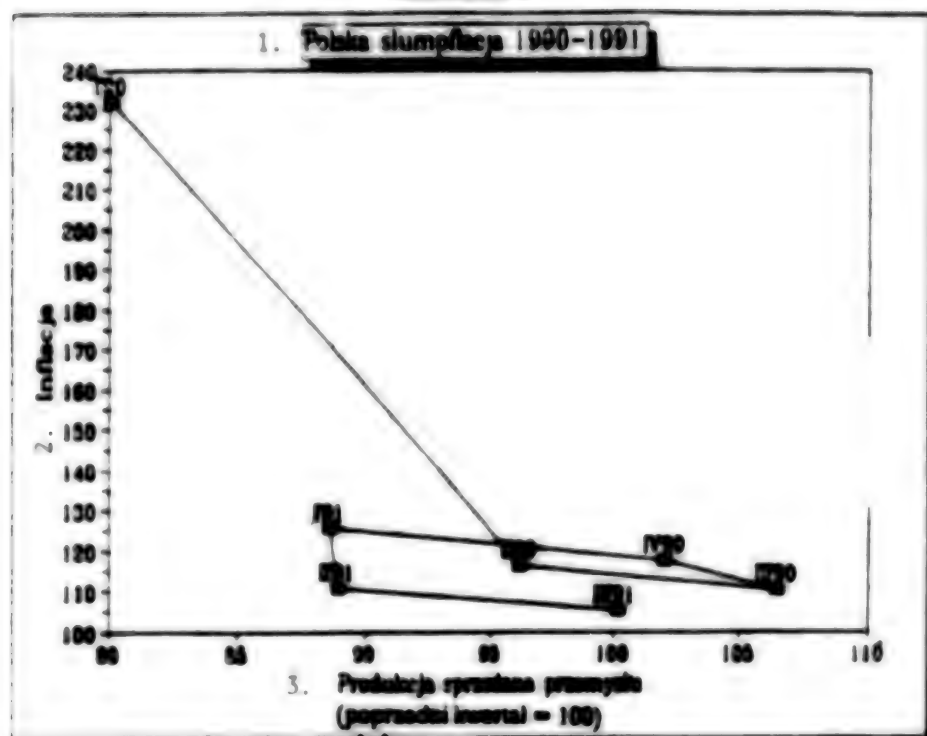
[24 Nov pp 1, 12]

[Text]

A Positive Program

[First paragraph is introduction by newspaper editorial board.] A week ago (ZYCIE GOSPODARCZE No. 46, 1991) we published the first part of Professor G W Kolodko's text devoted to the need to proclaim and implement a new economic policy. That installment was devoted to his reply to two key questions: Did what happened have to happen and why did it happen? In his analysis of the two-year program for stabilizing the

Illustration 2



4. Źródło: obliczenia własne w oparciu o dane GUS

5. Wskaźnik inflacji (CPI) - kwartał poprzedni = 100

Key

1. Polish Slumpflation 1990-91
2. Inflation
3. Industrial Sold Production (previous quarter = 100)
4. Source: Author's calculation based upon GUS data
5. Inflation index (CPI) - previous quarter = 100

economy, the author arrived at the conclusion that we could have attained more at a lesser cost and he named five major causes of this situation: the legacy of the past, external shocks, the recession-producing consequences of emerging from an economy in which there was no choice, the recession-producing consequences of stabilization, and blunders in economic policy caused on the one hand by a significant area of uncertainty and, on the other, by conceptual shortcomings, a faulty structure in the set of instruments used and errors in the sequence of actions. Weighing all the factors, G.W. Kolodko gave errors in economic policy as a major cause. Subordinating economic policy to a neoliberal-monetaristic doctrine thrust the economy into a fiscal trap in which the effort to balance state finances is leading to the imbalance of these finances (the budget). In this second installment, G.W. Kolodko presents a 16-point outline for a new economic policy. This material should be very helpful for all parties participating in preparations to form a new governmental coalition.

It is obvious that the present, extremely severe and extensive crisis in the Polish economy, is of a different nature than the crisis that reached its height in 1989. At that time we were dealing with the shortage-inflation syndrome, i.e., the simultaneous occurrence of inflation and shortages. Production had not yet risen significantly (the increase of the GDP by 1.5 percent) and there was no unemployment. At present we are dealing with a slumpflation syndrome; it is a different kind of situation. This is an important, if not the basic, thesis of this article. Namely, I maintain that since the current recession has been caused principally by actions from the demand side (related to our emergence from inflation associated with supply-pricing inflation, i.e., shortage-inflation) then combating the recession requires skillful economic policy action from the supply side.

If we combine our observation of the internal conflict between stabilization and transformation in the neoliberal-monetaristic doctrine with the preceding recommendation about the need to shift the major accents of

policy from the demand side to the supply side, we arrive at the demand for a basic reorientation of economic policy, both on the micro and macro levels.

Reorienting economic policy means the need to shift from a neoliberal-monetaristic concept to an interventionist-budgetary concept.

It demands an approach other than the modification (correction) of the recently implemented economic policy, along with all of the attendant recommendations.

Of course, we can continue our ruinous line, but the NPG [new economic policy] ought to take into consideration the present situation as a whole. This requires the proper diagnosis of the status quo and its complex causes. For this reason, too, the NPG can be outlined only after we have answered a previously posed question: What is the status quo and how did we reach it? I add only that the answers to these questions summarized in the above points are based upon in-depth, extensive, documented studies. Thus, I am assuming that the answers to these questions have been proved and I regret that the space is lacking here to go into them in depth.

The pivotal point of the NPG should be the creation of a mechanism for economic growth connected with permanent economic stability.

To exit from slumpflation, the major emphasis for forming such a mechanism under conditions of transforming the market must be placed on balancing the state budget, along with external economic stability, over the long term. Unfortunately, at present achieving stability over the short term is no longer possible.

But it would be within the range of our possibilities if a faulty policy had not led to a structural crisis in public finances. What's more, the situation is worse than it was two years ago in many ways. This emanates not only from the larger budget deficit that existed then, but also from the lack of potential for effecting a fiscal adjustment by the shock method in order to stabilize the economy. For today, given the already radical curbing of subsidies and subventions, it can only be based upon the shock therapy of a one-time cut in outlays. Consequently, if in the economic programs of the various parties (after the elections), there is a proposal or a priority requirement for balancing the budget, then we should be fully aware of the situation in which we find ourselves. Illustration 4 presents the status quo and the projected variants for 1992.

I only add that many experts accept the forecast of a decline in the GDP in the coming year by another 11 percent to be the most realistic variant. Then, while the feasible level of this year's state outlays, which have already been cut by excessive recession, is merely maintained, the deficit would amount to approximately 26 percent of these outlays or more than 8 percent of the GDP. In absolute figures, this means about 100 billion zlotys [Z]. Taking into consideration all of the admissible

(i.e., limited in other ways) non-inflationary (temporarily) possibilities of financing the deficit, for example, by means of the internal and external public debt, the level of the probable budgetary cuts will lead to the civilizational degradation of society.

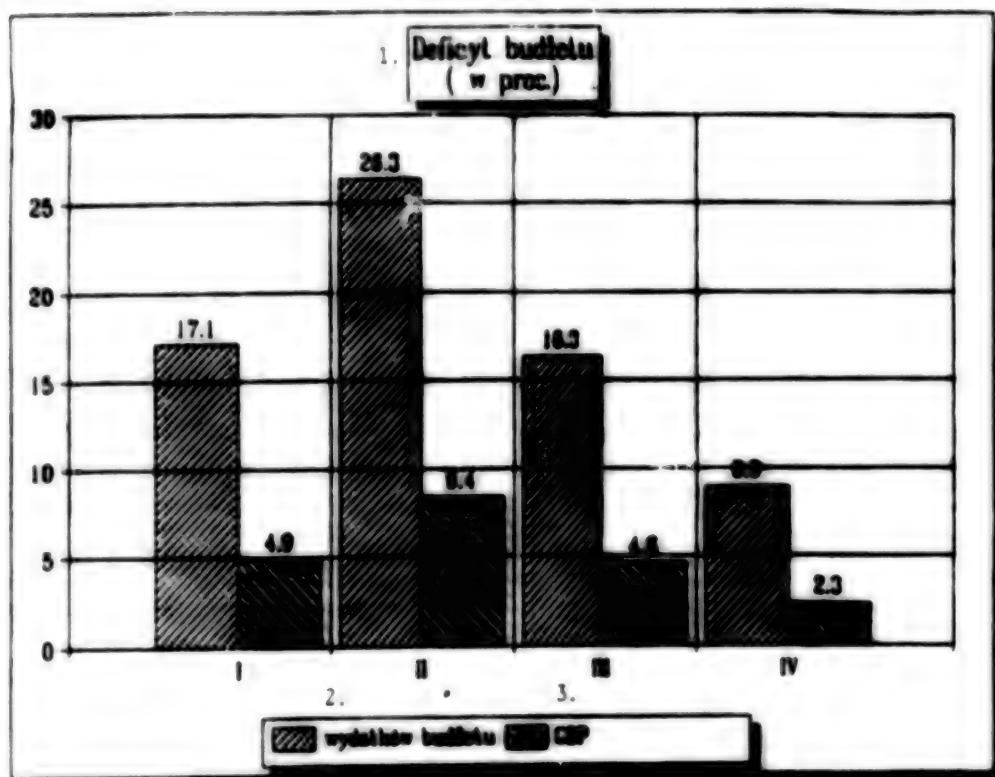
Continuation of the present policy (with correctives, of course) can also lead to this.

What is worse is that the point of departure is so drastic that even under conditions of the unrealistic assumption of a 10-percent increase in the real GDP in 1992, which I have adopted here to illuminate the problem, the deficit would continue to be over two percent (or nearly nine percent of outlays), i.e., Z33 billion. Thus, the line of reasoning and the basic points on the NPG axis must tie in the gradual balancing of the budget with economic growth, which may take three to five years.

I will comprise the major elements of the new policy in 16 points, for which the point of departure is the assumption of the need to balance the budget successively, and during the period of reaching a permanently balanced budget, the minimization of the scale of the inflationary financing of the deficit. The other points are:

- The process of balancing the budget cannot be set in motion without the shift over to economic growth. It is false that the economy is in a good state and that the budget is in a bad one because the fisc is insufficient as the result of the delay in the necessary fiscal reforms in other areas.
- Economic growth in the next few years will not be possible if production in the public sector does not increase. It is not true that privatization (or, rather, denationalization) will hasten economic growth in a short time. During the transitional period perhaps it will hasten only the desired structural changes which will bear fruit later. What is worse, as a consequence of privatization unemployment will first increase, which will temporarily worsen the situation of the budget.
- With regard to systemic changes, a fundamental problem is not denationalization, but with active support for development in the already existing private sector, corporatization (also known as commercialization), i.e., forcing state market enterprises to embark upon efficiency measures. Over the time period being considered, this sector will have fundamental importance from the viewpoint of state income. Here we can and we ought to change the proportions along with accelerating privatization processes (for this is desirable), but even for the most long-term variant, taxes from state firms will determine this acceleration.
- Growth in the state sector, which is crucial for the NPG (along with the assumption of still more rapid growth in the developing private sector) may be achieved through the use of the proper set of instruments of fiscal policy (including the lifting of the so-called dividend), monetary policy and policy for

Illustration 3



4. I. 1991 rok (prognoza)
 5. II. wariant spadku GDP o 11 proc. w 1992 r.
 6. III. wariant spadku GDP o 1 proc. w 1992 r.
 7. IV. wariant wzrostu GDP o 10 proc. w 1992 r.

8. Źródło: Obliczenia własne. Na temat dodatkowych założeń zob. A. Wernik, „Zapad na lata”, *Życie Gospodarcze* nr 44/1991 r.

Key

- 1 Budgetary Deficit (in percentages)
 2 Budgetary outlays
 3 GDP
 4 I. 1991 (forecast)
 5 II. Variant of an 11-percent drop in the GDP in 1992
 6 III. Variant of a 1-percent drop in the GDP in 1992
 7 IV. Variant of a 10-percent increase in the GDP in 1992
 8 Source: Author's calculations. For additional assumptions, see A. Wernik, "A Collapse for Years," *ZYCIE GOSPODARCZE* No. 44, 1991

the development of competition as well, especially including the proper industrial and trade policy. What the Ministry of Trade has tried to do recently indicates that we are on the right path.

The opportunity for reducing the foreign debt must be tied in with the restructuring of the bad debt of some enterprises owed to banks and the budget. The arguments and the techniques here are similar to those of the uncollectable foreign state debt, which the debts of firms reflect to some degree. Consequently, extremely difficult, arduous and risky actions are

necessary to set in order financial relations between: a) the budget and enterprises, b) enterprises and banks, and c) enterprises. The restructuring of obligations owed and amounts due along these planes is an absolutely essential element of the antirecession program. This restructuring must be based upon contingencies, i.e., upon positive programs of substantive restructuring. The so-called systems approach is one of the many possible methods of action here. Exchanging bank debts for shares may also play a major role. This exchange is again contingent upon acceptance of the given restructuring program.

- The acceleration of privatization (denationalization) processes must be constantly viewed through the prism of fiscal consequences. Over the short term (partially as a result of the loss of potential revenues from dividends and the tax on above-the-plan growth of wages), and even over a mid-length period, the budgetary consequences of accelerating privatization (lower revenues from the temporarily lower production emanating from the need to restructure privatized enterprises, which takes time, as well as higher outlays due to growing unemployment) will result in a negative balance. This is in no way an argument against privatization, but it is a claim for the need to preserve indispensable foresight in action.
- Revenues derived from the sale of state assets (these are not treated in the forecasts of the budget deficit presented in illustration 4) should not be treated as state budgetary income, but rather as a method for financing its deficit. The different approach used thus far is a shortsighted, disastrous fiscal policy. The funds emanating from the sale of state assets should be used above all to finance capital outlays and expenditures for the infrastructure and not to cover running outlays of an unbalanced budget.
- Even if we make a successful entry onto the path of economic growth, there are no longer any opportunities for actually balancing the budget earlier than 1994-1995. For this reason, we must be concerned over raising the efficiency of the fisc. As we expose the thesis of a sound economy with a bad budget as false (the budget crisis reflects real processes), we must increase budgetary revenues by increasing taxation discipline, by setting it at a higher standard and by institutionalizing the so-called second economy. However, we must keep in mind that even if we doubled the tax revenues emanating therefrom, this would not change the qualitative picture of reality.
- The fiscal reforms that have been prepared must be accelerated. These include in particular the implementation of the universal taxation of the income of physical persons and the value-added tax (VAT). Over the short term, and primarily in 1992, these will not yield fiscal results, but will have redistributional and inflation-producing effects. It may be estimated that only the introduction of the VAT will increase inflation by about 8 percent. This is risky from the viewpoint of continuing the indispensable stabilizing efforts. The fiscal reforms of 1992-93 may yield fiscal results only later, through the activation of the appropriate allocational processes. Thus, these reforms should not be dismissed but we should also not harbor any illusions about their impact on the budget results in the near future.
- The implementation of the actions described thus far will continue to place us in the face of a state budgetary deficit requiring drastic cuts in budgetary outlays. This necessitates tremendous caution and the proper political decisions.

Before we undertake cuts, however, we must have an economic program. In and of itself, cutting expenditures, without offering prior evidence that much has been done through positive adjustments in the budget to minimize the scale of the deficit, does not constitute an economic program that matches up to the challenges we face. As for the change in the level (i.e., the reduction) of domestic expenditures, we must resist bureaucratic egalitarianism in order to make equal cuts in the various parts of the governmental sector. I have no doubt that we must save more in outlays for national defense than for education, for we shall have to restrict real outlays everywhere. And, let us add, it is still possible to do this everywhere, although the possibilities are limited. And later on the previously-mentioned signs of civilizational degradation will occur. I am aware, however, that for many people, cutting outlays for the army will be unacceptable. And this will be one of the basic sources of growing conflict (and not only economic) in the coming years.

The budget deficit should be financed in a noninflationary way as much as possible. Under normal conditions—and ours are not normal—the public debt, incurred on an open market, plays a major role here. We must reach this center, and preparations are already underway to do so. However, in my opinion, we should not expect to derive much funds from this source. Society will have little confidence in coming governments. This will automatically extend to moderate confidence in the treasury note bonds issued by these governments. Along with projections regarding the level of growth or recession in 1992, assumptions regarding funds accruing from issues of the domestic public debt will have to be considered quite doubtful. Another problem, the skillful solution of which constitutes one of the more important aspects of the NPG, emanates from the conflict between:

- a) The gaining of funds on the open market
- b) The financing of privatization for the household sector, and
- c) The expansion of the monetary base of the banking sector (by stimulating an increase in bank investments by the population) to offer credit for restructuring the real sphere and its growth.

My *a priori* assumption is that $a + b + c = 1$, but also that within the framework of the NPG, the skillful coordination of fiscal, monetary policy (both for money and for the rate of exchange) and income policy can lead to the real increase in the sum $a + b + c$, or to the permanent increase in the tendency of economic, organizational units to economize. Unless this effect is attained, there is no positive exit from the present crisis syndrome.

The public debt can and should be incurred abroad as well. We must make an attempt, but we must also be realistic. And so the very low creditworthiness of Poland in

world financial market (lower, for example, than Hungary or Czechoslovakia) has sunk even still lower as a result of the outcome of the parliamentary elections and the danger of political instability emanating therefrom. For it is known from other cases that such instability in and of itself is a factor that does not foster growth. The NPG package may win external institutional support along with financial backing.

It is not true that the International Monetary Fund (IMF) will accept only the so-called continuation of the recently implemented economic program.

Both worldwide experience and the experience of certain states from our region, especially Hungary, are excellent proof of this. The IMF will accept any reliable program that gives a serious opportunity for:

- a) External stability
- b) Internal stability
- c) Economic growth, and
- d) Market transformation.

What's more, the IMF in principle no longer accepts the current economic program (to say nothing of its rhetoric and propaganda-political elements). This program drastically breaks down nearly all the execution criteria adopted just six months ago.

Many years of balanced budgets will play a fundamental role in this area. That is why the budget should be the pivotal point of the governmental NPG. No economic program will be applicable that does not have the approval of the IMF. Without such approval not only will we not be able to count on the conditional reduction of a portion of the official debt, but also on the opportunity of a reduction of a part of our debt (including a program for replacing a part of the debt with capital shares, which will also aid privatization processes) in commercial banks. Without this in turn the influx of foreign capital, especially private capital, will continue to be insignificant.

Negotiating an NPG package with the IMF also requires posing the issue of a new stabilization loan. In this case, however, assistance for actions taken to prevent the collapse of public finances should be the primary goal of a conditional stabilization loan. Moreover, obtaining a stabilization loan, even if the loan would be smaller than it would have been two years ago, when we were not able to take advantage of it, would have specific psychological and political significance. It is no accident, however, that I mention this within my discussion of the NPG.

The final closing of the door on the process of financing the budget deficit will take place if, in the case of the implementation of the NPG, on a systematic and declining and ultimately disappearing scale by means of central bank credit (under existing conditions, this will, of course, be a negative solution). The central bank will face (or rather, will be placed in the face of) severe

alternatives, namely either grant credit to the government sector, thereby limiting the money supply (primarily by means of high interest rates with all of the consequences of this for the demand for money from the viewpoint of enterprises and for their production) for trade and, worse, for investment, or agree to the monetization of the rest of the budget deficit along with all of its inflationary consequences.

Depending upon the amount of the deficit, which will be financed through central bank credit, such monetization may be inevitable. In the near future, this will be an alternative to deep, inevitable cuts in budgetary expenditures. And so right here, at the conclusion of the NPG package, I come to the issue of "slackening" or "not slackening" the money policy. The eventual slackening of the money policy, insofar as this is inevitable, should be the endpoint along the entire axis of reasoning and not the point of departure. Posing this question as the starting point of reasoning is a mistake of the falsely placed dilemma on which the neoliberal-monetaristic doctrine tries to be based. This error is all the greater in that according to this doctrine, the dilemma of the conflicts arising from the necessary adjustments is to be resolved by market forces. The problem here is that the economy is still functioning within the bosom of a hybrid which is neither the plan nor the market.

To achieve an open market, we need a strong state and a wise policy—fiscal, monetary, industrial and agrarian. It would be good if the state could have strong support from society. For this reason, the NPG should be based on a broad consensus of society.

On the one hand, a constructive, future-oriented understanding of ruling elites (or those aspiring to rule) among themselves and with society is indispensable. The continuation of economic policy based upon a neoliberal-monetaristic doctrine will make such social understanding impossible. It will make the path to the market incompatible with democracy. This must be stated clearly. On the other hand, an NPG based upon the interventionistic-budgetary option will create possibilities for mutual aid for the transformation of the market and for progress in democracy.

On the other hand, the transformation of the system could be made much more complicated, if not impossible, if it would take place without or, what's more, in opposition to, world financiers. This, too, must be stated clearly, for it defines the extent of every over policy. Unfortunately, it is not merely the economic situation that is deplorable. Again much depends upon policy, other than economic policy.

Agro-Smak buys Polan-Poznan at auction

(*Wprost*) D. Warsaw, RZE, ZICHOPOL (3)
(*Ekonomika*) AND L (11) supplement to *Prace*,
(1991) 10, 11.

[Article by Piotr Jurek: "Polan-Poznan" is sold.]

[Text:] Last Monday the Vorvodship Office in Poznan held an auction for the sale of the Polan-Poznan

Lighting Fixtures Plant. This plant, which manufactures household lighting fixtures, has been having major financial problems, especially recently, owing to the drastic decline in exports to the USSR.

Polam's assets were appraised at 24 billion zlotys (Z), and it was announced that, unless they are sold in their entirety during the first auction, a second round of auctions will be held on the same day at a minimum required bid that would be 26 billion less. Should no buyer be found in that case, too, an auction for discrete elements of these assets would be held the following Wednesday.

Two companies declared their willingness to acquire the assets in their entirety. But just before the auction began, one of them withdrew, upon declaring that it is interested in acquiring only one part of the plant—the factory located in Poznan.

During the first auction the sole bidder did not offer the minimum bid of Z24 billion so that, under the rules, a second auction was held and Polam-Poznan was sold for slightly above the minimum bid of Z18,180,000,000.

The purchaser was Agro-Smak of Lubon, a company that previously specialized in agricultural and food processing alone. Following the auction, its representatives were reluctant to provide information on that they intend to manufacture at the former Polam-Poznan. In the written bid they had reported, however, that they plan to manufacture packaging there.

Let us add that this was the first case of the sale of a state enterprise through an auction in Poznan.

Methane Gas Reserves Deemed Self-Sufficient

92EPD/194 Warsaw RYNEK ZAGRANICZNY in Polish No. 154, 34 Dec 91 p. *

[Article by Stefan Sokulski: "Methane Gas in Poland We Can Be Self-Sufficient"]

[Text] Our methane gas reserves are not as abundant as those in other countries, but it appears that we can be self-sufficient and do not have to spend foreign exchange on costly imports. Proven reserves of the gas in this country reach 150 billion cubic meters. Optimists claim they are much greater, reaching 200 billion cubic meters.

So far we have been producing methane gas for power industry purposes in coking plants and some of that gas could be extracted from coal mines. But these were and are relatively small quantities, which we have had to supplement with expensive imports. We are buying the gas chiefly from the USSR, but we also plan to import it from Denmark and Norway, which should undermine our budget still more.

Two years ago a Texas company, McKenzie, appeared in Poland and proposed extracting methane gas by a new

technique, from intact coal seams rather than from the deposits of the gas itself. As usual in this country, the road from word to deed is long and the red tape intricate. Thus, it turned out that, among other things, that company could not be granted a concession to extract the gas.

Fortunately, the Americans were not deterred by these obstacles and prohibitions. Forming a partnership with Jastrzebie Mine, which owns a concession, they found a way to invest in Poland and—eventually, of course—to make a profit. Overcoming the obstacles of paperwork and officialdom and subsequently forming the partnership took a year. That was the first stage of the operation of the McKenzie company in Poland.

Early in December 1991 the second stage began, and it is already to produce results in the form of the extraction and sale of methane gas by Pol-Tex Methane Company, a partnership between the Jastrzebie Black Coal Mine and Mc Kenzie Methane Poland company of Houston.

According to the company's vice president for Operations Andrzej Andrzejewski, so far nine wells have been drilled and five more are being drilled. Altogether, by the end of the first quarter of 1992, 14 methane-producing "holes" will have been drilled. And by year end an additional 15-20 holes will be drilled and then methane gas output will increase markedly.

The planned investment outlays on drilling operations, well-shoring, the accompanying infrastructure, water drainage, generation of electrical energy, and imports of technology in 1992 are about \$36 million. Polish employees will predominate in these operations, and, whenever possible, Polish materials and equipment will be used.

Since these initial gains will probably not be the only ones, because Pol-Tex is already thinking about extending its operations to other coal and methane rich areas, greater investing capital will be needed. "So far we have been financing everything with our own funds," declared Pol-Tex Board President Stephen J. Jera, "with out even applying for a World Bank loan. But if the opportunity for expanding operations arises, we shall apply for credits (\$300-\$500 million), which should be no big problem to obtain since the extraction of methane gas is financially a fairly attractive undertaking."

It appears that the plans and intentions of Pol-Tex are also attractive to Polish partners. The director of the Jastrzebie Mine, M. Graniczny, declared that the formation of this partnership affords an opportunity for overcoming stagnation and breathing fresh air.

These opinions were seconded, as it were, by the comments of the vice director for Exploration and Production at the McKenzie Methane Poland company, Steven McKenzie. During a presentation of the initial drilling equipment brought from the United States to Poznan, he declared that, in addition to availing itself of the opportunity to invest in Poland, his company also desires to alter the image of the Silesian region as

provide new jobs, to improve safety, and to provide large quantities of the gas to the Polish economy.

McKenzie Company has already brought into Poland two drilling rigs, of which one self-propelled, along with a set of compression equipment and several vehicles. The Mid-Continent Facility will make it possible to drill to a depth of 3,500 meters, while the Cooper Drilling Rig will serve to drill down to 2,500 meters underground. Other equipment too will be installed in gas drilling fields, e.g. computerized digital prospecting devices serving for immediate interpretation of geophysical findings. These devices will help obtain accurate measurements of gas content.

It is no secret that the equipment brought in from the United States is hardly of the newest generation and contains no novelties. Still, it is fully efficient equipment that meets the general standards and is still usable for many years. Polish equipment, too, including core-drilling rigs, will be used to extract the methane gas. Another Polish contribution will be the properly and well-trained crew of the Katowice Drilling Operations Enterprise and the materials base in Piaczyzna.

But what distinguishes American drilling equipment from its Polish and European counterparts is that it uses air instead of the normal drilling shot. As a result, its drilling rate is faster and it will not damage the coal seams. The McKenzie Company has already drilled by this method more than 650 wells in three years and the time taken to drill a 1,200 meters deep borehole averages five to seven days for...

Pol-Tex will extract the methane gas present in underground coal deposits in which it both exists in large quantities and presents a danger to mining operations. The extraction of this gas prior to the mining of coal will improve the safety and profitability of coal extraction, reduce the emission of the gas into the atmosphere (where it causes the hothouse effect), and lastly result in doubling Poland's reserves of natural gas and by the same token reducing its imports.

It is estimated that the extraction of the gas by the American method from intact coal seams before they are worked can result in reaching within five years an output level equal to the current annual imports of that gas (at present about 1 billion cubic meters). It should also be emphasized that the conversion to gas as an energy source is of tremendous importance to environmental protection.

The interest in methane gas is best demonstrated by the fact that even before it had extracted its first few cubic meters of the gas, Pol-Tex signed letters of intent with several major natural gas customers and pledged itself to provide them with the first shipments of the gas during the first quarter of 1992. The rising popularity of methane gas in the world is demonstrated by, among other things, the decision of the state government of

Texas requiring all buses to be methanol-propelled as of 1993. Will the less prosperous Poland issue a similar order some day?

Foreign Interest in Sugar Factories Worrisome

92EP0157C Warsaw RZECZPOSPOLITA
ECONOMY AND LAW supplement in Polish
23 Dec 91 p 1

[Article by P.R. compiled on the basis of Polish Press Agency reports "An Opinion on the Privatization of Sugar Factories"]

[Text] The privatization of sugar factories is slipping out of control by the government; this engenders the danger that many of these factories could be taken over for a pittance by foreign capital. Such was the opinion expressed by the Taskforce for Restructuring and Privatizing Agricultural Industry and Services headed by Professor Roman Urban.

The first two privatized Torun sugar factories, one in Ostrowit and the other in Unislaw, acquired by British Sugar of Britain, were combined into the Sugar-Pol Company. Negotiations on the rules for transferring five Leszno sugar factories to companies formed by employees and planters in which Effecta Company is a shareholder are currently under way. That company in which German capital is a participant is interested in acquiring the ownership of additional sugar factories, chiefly in the western voivodships. It wants to acquire title to ownership by subscribing to the capital stock of companies or by granting credits to the management of sugar factories. Readiness to acquire another block of shares in the sugar factories in Glinickie, Chelmza, and Krasnystaw (following their conversion to Treasury companies) has been expressed by Tate and Lyle, a British company. Similar steps were taken by Rolimpex-Gukropol, a company registered in Great Britain. Agros company in its turn wants to acquire ownership of sugar factories in the Mazowiec and Lublin regions by acquiring shares in them and providing credits to their management; this will enable it to privatize itself and at the same time to establish its own financial institution: the Agro-Fund Foundation.

The motions proposed by Effecta and Rolimpex will in the opinion of the abovementioned taskforce result in that the companies named above and the banks financing them would acquire control over sugar factories by subscribing capital worth as little as 10 percent of the assets of these factories.

'Commonwealth' Association on Eastern Polonia

92EP01414 Warsaw POLSKA ZBRONIA (in Polish)
24-26 Dec 91 pp

Interview with Dr. Andrzej Stelmachowski, chairman of the Polish Commonwealth Association by Krzysztof Glogowski; place and date not given. Bringing the Polish Triangle Together.

[Text] [Glogowski] The change of the political and economic system which occurred in Poland brought about the dissolution of the Polonia Association and the establishment of the Polish Commonwealth Association. Perhaps this involves more than just changing the shop sign.

[Stelmachowski] The Polonia Association was a tool in the hands of the Ministry of Foreign Affairs whereas our association is an autonomous public organization which includes individuals who are known and recognized especially in the Polish emigre community in the West.

There are two bishops in the presidium; therefore, we have the support of the church. Besides, we have very eminent representatives of various religions on the council. The current marshal of the Sejm, Professor Chrzanowski, has served on our council from the very beginning, as well as other personalities prominent in political life. At the time, my presence as marshal of the Senate carried on the tradition of the prewar Swiatpol, the World Union of Poles. Swiatpol, at least in theory, was supposed to, in principle, include all Polonia organizations.

For our part, we bring together individuals and organizations which are active in Poland in the sphere of contacts with foreign countries. It is up to a Polonia congress in August of next year to decide which, if any, organizations will belong to the worldwide "superstructure." In this matter, we will have to proceed with extreme caution in order not to repeat the prewar mistake—at the very last moment, the Congress of American Polonia pulled out of Swiatpol.

Some form of coordination is needed. At present, we have a triangle: the generally well organized Polish communities in the West, the emerging Polish associations in the East, and the country itself.

The first conference in Rome last year made it possible for all elements of this triangle to meet. Our tasks are very simple. We are establishing close contacts under the slogan "Polish culture is one." There is no emigre culture and culture of the mother country. There is one Polish culture.

We also believe that we should set up something in the nature of a Polish lobby which would protect our interests in various countries of the world. We should also strive to reinforce the position of Polonia organizations in countries in which they operate. In this manner, we will be able to create a medium for mutual relations and a certain sense of community which is particularly important in accomplishing social and patriotic tasks throughout the world.

Our ideal is a community such as the Jewish community in which support for Israel is a canon for all, or the Chinese community which operates very effectively. These are interesting models which we should take into

account if we look toward the future. With regard to nearby countries, the Ukrainian emigre community is very well organized.

[Glogowski] Especially in the United States and Canada.

[Stelmachowski] I agree. However, as far as Poles are concerned, the situation is very complex. There are countries in which Polish organizations operate marvelously, for example, Australia. We have traditional and very influential Polish communities in the United States and Canada. Finally, we have countries such as Germany, which is my greatest concern, in which the level of organization is atrocious.

We are also united in a special way through our aid to fellow Poles in the East where Polish organizations have been free to operate for only three years now. They are being set up in the environment of a very profound crisis. This is why our aid amounts to paying the debt for the years when the People's Republic of Poland actually shut them out. It was believed that the only existing alternatives were to either repatriate, or remain a Soviet citizen, in which case you were on your own. This is the disastrous inheritance of past years. A turnaround did not occur until the times of Gorbachevian perestroika.

[Glogowski] Was the failure to acknowledge the existence of Poles across the Bug due to Soviet demands, or the mode of thinking of the authorities of the People's Republic of Poland?

[Stelmachowski] I think that it was due to both. For the sake of fairness, we should acknowledge that the situation of Poles differed in different republics of the USSR. At this very moment, we have a lot of grudges against the Lithuanians, and we are pained by the conflict which has emerged between the local Polish community and the Lithuanian authorities. Nonetheless, we must say that school education in Polish has always existed on a broader scale in Lithuania, and in Lithuania only. There was also an opportunity to engage in cultural activities. Meanwhile, in the adjacent Belarus, not a single Polish school has been in operation since 1949. All forms of cultural activities were rooted out. Only now are we registering a rapid revival of Polish cultural life and Polish schooling there (mainly so-called Polish grades). Therefore, I maintain that, regardless of the overall position of the Soviet authorities, there was a way which was not taken advantage of.

[Glogowski] Interestingly, Lithuania had the most Polish schools during the Stalinist period.

[Stelmachowski] Perhaps this is one of the reasons why the local Poles were reluctant to support the striving of the Lithuanians for freedom. This is very sad, and we must untie this Gordian knot. On the other hand, nationalist Lithuanian tendencies have a clearly anti-Polish edge. A tremendous effort on our part will be needed in order to bring

[Glogowski] All the more so, because it runs counter to the reasons of state of both countries. Who is most active on behalf of the Polish communities throughout the world here inside the country?

[Stelmachowski] We do not have a monopoly. This distinguishes us from the Polonia Association. At present, 15 organizations maintain contacts with Poles in the East. Generally, they have a regional orientation, for example, the Association of the Friends of Vilnius and Grodno, Friends of Lvov. There are also organizations such as the Union of Podhale Residents which basically is a national mountaineer organization, but due to the large emigre community (from this area) maintains close relations with the American Polish community. The heads of a majority of these organizations belong to the Polish Commonwealth. Therefore, we have personal unions. We devote most of our energies to helping fellow Poles in the East. We have many local chapters which most frequently operate in certain directions.

[Glogowski] What role does the church play in all of these endeavors?

[Stelmachowski] It is hard to overestimate it. I have already mentioned Germany. If it were not for pastoral efforts among the Polish community the situation would be tragic. If it were not for the Polonia pastoral network, the influence of the mother country on the Polish community would be much weaker. In many cases, this is the only form. This was the case for a long time in the East where only the pastoral network made it possible for the local Poles to assemble and to maintain embryonic community life. This is now changing.

Nonetheless, cooperation with the church is very close. Monastic orders are primarily the ones involved in cooperation with Polish communities abroad. For example, the Society of Christ is an order specifically founded with a view to pastoral work among Polish communities abroad.

On occasion, it happens the way it does in the United States, where a seminary in Orchard Lake prepares cadres for pastoral work among the Polish community itself. Ministries of the orders operating as groups rather than on their own are the most effective. This is why the staffing of the so-called rectorates is extremely significant (generally, this is what the status of the Polish missions is). If a self-sacrificing and enterprising chaplain is a rector, the results are very good. At present, the rapid development of the Catholic Church in the areas of the Soviet Union where the Catholics, with the exception of Lithuania, are Polish, gives us tremendous hope.

[Glogowski] The latest wave of emigration from our country increased the magnitude of both variety and conflict in the Polish emigre communities. Complaints are heard from the old emigration that the newcomers want to make money but do not want to work. In turn, the new emigres blame the old ones for failing to offer a helping hand, to offer aid.

[Stelmachowski] These differences are frequently sociological and, to a degree, educational. In general, the new emigres are better educated and cope quite well. They want first of all to establish themselves. This is why community activities are a second priority for this group. Two attitudes emerge with regard to the future. Either they will engage in community activities after establishing themselves, or they will wish to rapidly integrate into local societies, ridding themselves of Polish affiliations. Fortunately, experience suggests that the latter attitude is not universal. We see a return to the roots some time later. It often turns out that local societies are not open. The emigres come to understand that they will not be recognized as fully integrated members of local societies, and at that point they draw support from their own roots.

The policy of a given country also matters a lot. I have already mentioned Australia, in which the government promotes a policy of multiculturalism. It makes air time on TV and radio available to ethnic groups and supports newspapers in foreign languages. It is much easier to live given this policy; there are fewer conflicts. On the other hand, Polish schooling in Brazil, which was developing splendidly, was smothered by the nationalist policy of the authorities as early as the prewar period.

[Glogowski] Is this disassociation from things Polish not more frequent among emigre intellectuals who, in their aspiration to a higher status in local societies, wish to blend in with them all the more?

[Stelmachowski] Yes. However, life just does not fit theoretical assumptions. We frequently encounter a return to the roots on the part of grandchildren who no longer have problems adapting. Both distancing and even the most unexpected return to the roots are common.

[Glogowski] What about the situation in mixed marriages?

[Stelmachowski] This depends on the strength of the will and personality of the parties. Children most frequently speak Polish in cases when the mother is Polish. For example, Polish women come to Polonia events with their French or Belgian husbands who speak good Polish and stress their friendship with the Poles. Creating a Polish ghetto is not the object, but rather maintaining ties to the old society while becoming a member of the new one.

[Glogowski] Professor, you recalled the poor situation in Germany.

[Stelmachowski] Calculations say that about one million people there have ties with Poland. Some of them left on account of their German ethnic background and German ancestors who were, on occasion, invented; this is particularly painful for me, an old AK (Home Army) corporal. Of course, they advertise a lack of Polish associations, which is not at all to say that they do not begin to attend Polish masses and send their children for

catechism to Polish parishes. The people are not necessarily consistent. There is a post-Solidarity group, there are emigres from the times of Gierek.

Some organizations in the territory of Germany made a mistake in that, for example, "Rodlo," an organization with outstanding merits which is the continuation of the Union of Poles in Germany, has a provision in its statute to the effect that only Poles who are German citizens may belong to it. This automatically cuts this organization off from the new wave of emigres many of whom do not have German citizenship.

Very meritorious veteran organizations accepted in their time the assumption that political emigre communities are not hereditary. In this manner, they isolated themselves from their younger generation. This is why the pastoral network is the main connection for varied Polish groups in Germany. Let us add that a certain number of people from the latest emigration obtained a measure of status only recently, after a treaty was signed with the Germans. Until then, they feared deportation at any moment. There are all sorts among them, but this does not exempt us from taking care of them.

[Glogowski] The prevailing opinion is that Polish emigre communities, even strong ones, do not exercise corresponding influence in their countries because of internal divisions. Could these conflicts be neutralized?

[Stelmachowski] An attempt to impose something from Warsaw would be doomed to failure from the beginning. We cannot take over for our fellow Poles. It is important for the network of Polonia organizations, which in many cases emerged still before World War II, to be adequate to the situation. Completely new problems are arising for which solutions are yet to be found. I believe that events such as a Polonia congress are necessary not only to establish closer ties to the mother country, but also in order to become aware of the needs which exist in individual countries. We must reorganize; this is absolutely necessary. However we should act with extreme subtlety, so as not to offend the people, and first of all not to sin by way of lacking discernment which has happened to some functionaries, for example during trips to the East.

[Glogowski] Actually, what is the most effective way to help the Poles in the East?

[Stelmachowski] Emergency actions are necessary. In some cases, it is relatively easier to provide emergency humanitarian aid than to send books, or assist newly formed organizations and parishes. After all, the living conditions over there are extremely difficult. Long-term socio-cultural and economic aid is also necessary; it is more expensive but also badly needed. The first sphere involves setting up and financing large centers. There is an ambitious plan to set up a Polish university in Vilnius which will call for personnel assistance by way of sending visiting professors. Certain investments will also have to be made. We are trying to build a Polish cultural center, for example, in Lodz.

In the second case, this has to do with creating an economic base for our fellow Poles, especially where the economic situation in the areas populating them is very bad. The drama of the Vilnius area is a case in point. They should definitely be helped in establishing an economic base. This offers an opportunity for actions by business people who have patriotic feelings. We may also support Polish organizations by making their economic operations easier. We should also support the restoration of private farming and crafts there. We may also act by promoting the Wilno region as a tourist attraction which would be a help for our fellow Poles.

[Glogowski] What is the situation among the political emigre community of London? Political changes in the mother country, which at the same time amount to their victory, are also turning out to be the end of their mission.

[Stelmachowski] Recently, I took part in London, in the last session of the National Council in Exile which dissolved itself after the first free elections after the war were held in Poland and a democratically elected Polish parliament was established. My contacts with representatives of the independence-minded emigre community are very cordial. They were apprehensive as to whether we would appreciate their effort, and whether they would be able to transfer their mission to the country in a worthy manner. This was accomplished. Proper gestures were made by President Walesa and the authorities of the country.

Among other things, letters from the marshals of the Sejm and the Senate were read at the last meeting of the Council. Deputy Marshal of the Senate Mrs. Gryniewicz addressed them personally. When President Ryszard Kaczorowski visited the country a year ago, he was received with all honors due to a head of state, beginning with an honor guard of the Polish Armed Forces at the airport. They themselves feel that their mission has been accomplished, which is very important. I greatly admire this political emigre community, their determination, and their attitude toward the younger generation.

[Glogowski] This begs the following question: What is important for them in the future?

[Stelmachowski] They are already taking certain steps, for example, they intend to apply pressure through friendly British circles in order to cancel visa requirements in traffic between Great Britain and Poland.

[Glogowski] The lofty period of Christmas celebrations and the New Year are drawing near. What would you wish to the Polish community worldwide?

[Stelmachowski] First of all, I would like to share the holy wafer with them in spirit on the occasion of Christmas, wherever they might be. I wish them new energy and dynamism in the New Year, and I also wish that the greatest possible number could meet at the

congress in the country in August. This will be a dual congress—that of veterans, and of the entire Polish community.

Southern Border: Center for Alcohol Contraband

92EP01484 Warsaw PRAWO I ZYCIE in Polish
No. 48, 30 Nov 91 pp. 1, 8

[Article by Stanislaw Bubin, "Eldorado at the Border: Poland Is the Area of Operation of Organized International Smuggling Groups"]

[Text] Customs officials are exposed to tremendous temptations. Recently two Italians, Angelo T. and Giovanni M., offered one of the customs officials, a functionary of the Customs Office in Katowice Voivodship, bribes of 700 million zlotys [Z] (in dollars) monthly for delivering false Polish and Czech bills of lading. Since he, a rank-and-file customs official, was to receive this kind of money, what merchandise and what profits were at stake? He got scared, refused, and reported the offer he received to his superiors. However, it should not be concealed that there are customs officials who always take money, anywhere and from anyone. This is hard to prove, but such is the truth. Due to Jan L., a controller at the Customs Office in Cieszyn, getting caught, two new smuggling affairs were revealed. The contraband consisted of tremendous amounts of cigarettes and alcohol.

Prosecutor Boguslaw Shupik, chief of the Department for Preparatory Proceedings of the Voivodship Prosecutor's Office in Bielsko-Biala, said: "Poland is the area of operation of organized international smuggling groups. We have come to this conclusion as we analyzed arrangements for smuggling \$250,000-worth of Winston cigarettes, and 'Royal' alcohol in the amount of 63,000 liters worth more than Z10 billion. I will not conceal the fact that we picked up the trail of these cases by chance. As a rule, the criminals are excellently organized and secured. Of course, we can discuss the facts only; suppositions are of no interest to us. However, one does not have to be a prosecutor in order to come to the conclusion, upon familiarizing oneself with the records of both investigations, that smuggling on an immense, inconceivable scale prospers, and that it is directed at Poland, Hungary, Czechoslovakia, and other post-Communist countries."

As if to confirm these words, contraband consisting of 300 VCR's was recently intercepted in Zywec. A couple of days later, the police had another spectacular success in Bielsko-Biala—more than 1,000 Samsung VCR's and TV sets that were ostensibly in transit to Russia.

Prosecutor Tomasz Zon from the Voivodship Prosecutor's Office in Bielsko-Biala, who works on smuggling cases told us: "In July of this year, a resident of Cieszyn, Jozef Ch., promised a bribe of \$5,000 to Jan L., a controller of the Customs Office, for procuring falsified Czech bills of lading. They were to be filled out for frozen carrots. Jan L. agreed to arrange such a document. Since

he worked together with Czechs at the crossing in Boguszowice, he turned to them with a 'friendly request' to fill in the papers. You hear all kinds of things about Czech customs officials. At any rate, there is plenty of proof that they also gave in to promises of material benefits, but in this case they refused. We do not know why, but be that as it may, they did not want to falsify the documents. Moreover, they reported the offer they received to their superiors who immediately informed the director of the Polish office. In this manner, the case became public, and Jozef Ch. is under temporary arrest."

Who's Needed?

Bills of Lading for Frozen Carrots?

Precisely the two Italians, Angelo T. and Giovanni M. In late May and early June of this year, the Italians tried several times to obtain falsified Czech documents at border crossings in Katowice and Opole Voivodships.

Prosecutor T. Zon said: "Angelo T. was arrested, and arrest warrants are out for Giovanni M. He is also sought by Interpol for other international crimes. The Italians engaged in smuggling cigarettes. There are several ways to do this, and not necessarily with the former 'people's democracies' in mind. Large tobacco companies charge differently for products intended for different countries. As a rule, prices for exports to the states of Central and East Europe are considerably lower. It is enough to purchase cigarettes at an exchange in Hamburg, Rotterdam, or Antwerp, hold them in a warehouse, arrange for papers from the Poles or the Czechs to the effect that they were brought here, and later sell them at a profit, on top of the strict import quotas, in sales outlets in Spain, Portugal, or France. This is one model which is very hard to carry out, but is possible."

"We got the wind of another model in Cieszyn. The Italians sent a shipment of Winstons worth \$250,000 by a TIR [International Highway Transport] truck from Basel. The documents suggested that this was a transit shipment to Tirana. Apparently, they came to the conclusion that the shortest path from Basel to Tirana is through Poland. The cigarettes were brought to Cieszyn, and deposited in the customs warehouse there for one day. Subsequently, another TIR truck arrived, and all cartons were reloaded. Three tons of frozen carrots were loaded on the top as a cover. A customs official unsealing the doors would have seen carrots only. This is precisely why a Czech bill of lading for carrots was needed. The cigarettes were to be 'dropped' from all documents."

However, where did the carrots come from? Who arranged for them? The investigators made interesting discoveries. It turns out that frozen carrots in the amount of 15 tons had been previously ordered by an American bank for a customer in Spain. The Fruit and Vegetable Processing Enterprise in central Poland was to be the supplier. For obvious reasons, the prosecutor's

office refuses to release the names of banks and institutions involved in this affair. After all, preparatory proceedings are still under way. However, tentacles reaching from the United States indicate that these are large financial operations. Is the mafia involved? The police and the prosecutor's office keep silent about it. Be that as it may, the director of the Fruit and Vegetable Processing Enterprise was happy to get the order because he was still stuck with carrots from last year's crop in refrigerated storage. Therefore, a bank from the United States issued an order, and another West European bank immediately made the payment. The frozen carrots were shipped to a refrigerated storage facility in Cieszyn. Once there, three tons were loaded onto the TIR truck with the cigarettes, and the rest were handed out to peasants from the nearby Puncow to be fed to cattle. To this day, the customer from Spain has not inquired about the goods ordered at the Fruit and Vegetable Processing Enterprise, which indicates that this was simply a fictitious customer.

Prosecutor T. Zon narrated: "We asked ourselves: What did the smugglers need the carrots for? We quickly got an answer. They wanted a product 'neutral' from the point of view of customs. Potatoes or beets could have been used. The least attractive product was needed in order to not raise suspicions. In reality, the cigarettes were important. Clearly, they were not to be taken to Albania but rather back to the West, to Italy, the FRG, or Spain. The operation was to yield considerable benefits for the smugglers. Poland acted merely to 'launder' money, documents, and goods. I would like to note that this group alone planned for seven or eight such actions a month. What about others which we still do not know about?"

While solving the cigarette case, the police obtained operational data on preparations for yet another gigantic smuggling operation, this time involving alcohol: "Bringing Down the Barrier With Royal." PRAWO I CYCIE No. 41, 12 October 1991.

It Began Innocently

Subinspector Bronislaw Szumski, chief of the Inquest and Investigation Department of the KWP [Voivodship Police Command] in Bielsko-Biala, said: "On this day, the private transportation company 'Hakatrans' in Cernozice, near Pardubice, in Czechoslovakia got an order from the Prague company Retrotrading to carry a sizable shipment of alcohol in original, one-liter bottles. Officially, the 96-percent German alcohol 'Royal' was to be hauled by LIAZ [Czech truck manufacturer] trucks from the warehouses of the Hoba company in the CSFR to Finland. In reality, it was to end up in Polish wholesale warehouses without the payment of customs duty and taxes. Of course, we would have known nothing of this had it not been for close cooperation with the Czech and Slovak police.

As the released records suggest, two Czech drivers, Jiri K. and Jiri L., loaded their LIAZ's with alcohol (each

carried more than 15,000 bottles) had the cargo processed at the customs post in Pardubice as being in transit to Finland, and then began waiting for the "go-ahead." It appears that the drivers were aware from the very beginning that they were involved in a crime. At any rate, they were not surprised when a man traveling in a Mercedes with Berlin license tags visited them in Cernozice. It is known that the man was fluent in three languages—German, Czech, and Polish. He ordered the drivers to first go Frydlant, and then to Frydek-Mistek on Ostravice, closer to the Polish border. They were supposed to wait at a parking lot over there for a signal to move.

As the man from Berlin stressed, only a messenger using one half of a torn 2,000 bill could establish contact with the drivers. This bill is part of the evidence, and is in the files of the Voivodship Prosecutor's Office in Bielsko-Biala. The Czech drivers confirmed that they understood everything, and set out on their route. They drove in circles on the roads of Czechoslovakia precisely for 10 days, between 16 and 26 September. Why? In order to give some time to another group which was putting together yet another shipment of alcohol for exports, this time from Slovakia. Only later was the entire convoy to break through the "open border."

Prosecutor T. Zon said: "Another two LIAZ's were being readied at the company 'Anes GmbH' in Slovakia. As invoices used by the Slovak drivers, Jan P. and Miroslav C. suggest, the head office of the company is in Vienna, at Schwedenplatz. However, the Austrians or the Slovaks were not the ones to invent the address of the fictitious customer. We can see the hand of a witty Pole here. 'Royal' was supposed to be for 'the All-Union Production State and Cooperative Association 'Karpats-Sibir' in Tyumen.' This is what a Rechnung [invoice] with a headline in Polish and completed in German, says. Of course, it is entirely phony."

Sub-inspector Szumski maintains that the police of the two countries were aware of the operation being prepared from the very beginning. "On our side, a separate team of 15 members of the Voivodship Police Command in Bielsko-Biala worked non-stop on figuring out the gang of smugglers. They ran themselves ragged but they wanted a result, that is, they wanted to crack the smuggling arrangement from beginning to end. They did not inform the Customs Office or the Border Guard about anything.

The Operation Was Strictly Secret

Sub-inspector Jan Michna, voivodship police commandant in Bielsko-Biala, said: "We had messages from our informants to the effect that there are leaks in the Border Guard, that is to say, certain soldiers are interested in some way in making our work difficult. Therefore, we did not want them to interfere and warn the smugglers."

All four LIAZ trucks, two Czech and two Slovak, met on 26 September at a parking lot in Cadea. A messenger

carrying the 2,000 bill, a Pole, told the drivers that they were to move under the cover of darkness toward a border crossing in the hamlet of Myto, near Zwardon in the Beskid Zywiecki, which has been inactive since the war. They were to cross the border with their lights out, at certain intervals. The entire convoy was to be guided by Stanislaw Najzer, the organizer of the haul from the Polish side. Security was to be provided by Janusz W. and Leszek P., driving a Mitsubishi. The merchandise was to be delivered to Brzeziny in the vicinity of Lodz, where fences from Skierniewice Voivodship, Andrzej B. and Dariusz K., were to wait for them. They were to arrive at the site in a Volkswagen Passat, to be on the safe side, they would use one-half of a torn 50-zloty bill.

After the details were ironed out, the engines of the TIR trucks roared, and the convoy got going around 0130. This was on the night of 26-27 September.

Sub-inspector Szumski said: "After breaking the padlock at the barrier of the inactive border crossing near Zwardon, the trucks entered the territory of Poland. We kept them under surveillance at all times. Of course, we could 'pick up' all that merchandise in Rajcza or Wegierska Gorka, but we wanted to get to the source, to the recipient of a shipment worth over Z10 billion. Quite accidentally, the last truck blew a tire in Zywiec, at Lesnianska Street. The trucker before last stopped in order to help his colleague, and the other trucks drove on. At that time, a team of policemen surrounded the trucks and apprehended the surprised drivers without much trouble. Yet another TIR truck ran into a roadblock in Bielisko-Biala, on Zywiecka Street. We deliberately allowed the first truck to slip away in order to lead us to the wholesaler, and it did. The driver unloaded the merchandise and began driving back. He was arrested without a problem at the border crossing in Kudowa-Slone when he tried to go through it, this time legally."

Eight suspects are involved in proceedings on the alcohol affair, seven of whom are already behind bars. Only Stanislaw Najzer, 30, from Rycka Gorna, escaped. An arrest warrant is now out for him (170 centimeters tall, with a medium frame, dark blond, curly hair, swarthy skin). Najzer has many other crimes under his belt; he is famous for, among other things, car theft and his ability to forge documents.

As the Prosecutor's Office maintains, smuggling cases have not yet been entirely unraveled, and many mysteries remain. The organizers of smuggling in Poland and Czechoslovakia have been apprehended, but the tracks go further on, to Germany. The sharks are still at large, and will certainly want to recover the loss of several dozen billion zlotys. The kingpins of illicit ventures do not give up easily. The police know this and for this reason, they are putting together a new, even better trained team to control smuggling on the southern border.

Rural Telecommunications Prospects Improving

92WT00784 Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
2 Dec 91 p 1

[Article by W.M. "Rural Telecommunications. It'll Be Better in 10 Years"]

[Text] At the latest, in the year 2000 our rural areas should resemble the countryside elsewhere in Europe in terms of the number of available phones. Even before that, two to three years from now, localities which do not have phones at all will disappear, and villages will be counting pulses at last, said Ryszard Katanski, adviser to the PPTT [Polish Administration of Posts, Telegraphs, and Telephones] general director for telephony. This is to say that before the end of this millennium, at least an additional 1.5 million phones will have to be installed in the rural areas which at present have 350,000 phones.

As of the beginning of this year, 4,155 localities in our country had no telephone lines, and, in numerous localities which were classified as having phones, there was only one operating telephone. According to the data of the Statistical Review of Communications and information provided by the management of the voivodship PPTT's, there were no telephones in 304 villages in Gorzow Voivodship (out of 1,071), 294 villages in Bialystok Voivodship (out of 1,406), 283 in Konin Voivodship (out of 1,422), 295 (out of 6,158 [as published]) in Sieradz Voivodship, and 268 (1,815) [as published] Lodz Voivodship had, and unfortunately, still has, the smallest number of telephone customers, in this voivodship, not even one person in one hundred is a telephone customer. The following rank next to Lodz: Czestochowa Voivodship (1.66), Katowice Voivodship (1.78), Tarnobrzeg Voivodship (1.85), and Krosno Voivodship (1.89). On the other hand, despite the existence of communications "gaps," there are "as many" as almost five telephone customers per 100 inhabitants in Bialystok Voivodship.

The PPTT predicts that in about eight years, the telecommunications landscape of the rural areas will change beyond recognition. At that time, there will be 20 telephones per 100 residents of the rural areas (30 telephones in the city).

This year, 40,000 new telephones were to be installed in the rural areas. More of them have been installed—about 60,000. This would not have been possible had it not been for the financial effort of the residents, due to which the installation of telephones may proceed faster. In this matter, volunteer telephony committees played an important role. There are already as many as 2,000 of them, and the number keeps growing. They are formed (in the rural and urban areas alike) on the basis of an accord of the residents of a given locality who nominate representative groups from among themselves. Among other things, the committees accumulate cash. The amount of "cash contributions" made by candidate customers may vary.

Installing a phone costs 2.5 million zlotys (Z) at present. Considerably more needs to be paid, for example Z5 or Z10 million. Upon the transfer of a fragment of the circuits built with the funds of the public to the PPTT the committees calculate costs. When distributed among individual members, such costs provide the basis for exemption from the payment for the allocation of a number. Settlements for overpayments are made in this manner, at prices in effect as of the moment the fragment of the circuits is commissioned (by a decision of the PPTT general director dated 16 August of this year). A customer may use the "privilege" for four years, or may "call away" all of the money provided on credit considerably earlier (which the PPTT appreciates).

Before a committee embarks on operations, it is worthwhile for its members to contact the proper voivodship directorate of the PPTT and familiarize themselves with the technical feasibility and real opportunities for the investment project planned. If there is such an opportunity, voivodship directorates sign agreements with the committees, "setting forth the extent of the investments which are to be made by them." It is quite significant to know that the PPTT directorates do not sign contracts which impose the obligation to allocate telephone numbers to individual committee members. On occasion, there is a lack of clarity as to this.

Funds from the budget amounting to about Z24 billion for installing phones in villages which do not have phone lines have been allocated for the first time this year. Due to these funds, about 1,000 telephones will be added before the end of this year, and the number of villages without telephones will be reduced to about 3,150. Also, Z50 billion (to be used before September of next year) has been found to develop telecommunications within the framework of infrastructural investments for territories which are under a threat of particularly severe unemployment. Due to these funds, once again from the budget, there will be more phones in some regions of Kielce, Suwalki, and Walbrzych Voivodships.

POLITYKA Weekly News Roundup: 8-14 Dec

92EP0146A Warsaw POLITYKA in Polish No. 50
14 Dec 91 p.2

[Excerpts]

National News

[passage omitted] At a meeting of the Parliamentary Club of the Alliance of the Democratic Left, Lech Walesa said: "Expulsion of the left is abnormal. Can one build a constitution on the isolation of the left? As a practical person, I do not agree. I do not love you because of the past, but not all of you, for you are young as I am. But is it normal to exclude those on the left? Is it possible? Yes it is possible." [passage omitted]

Reasons for absence during the election according to a survey done by the Public Opinion Research Center (14-19 November): Half of those surveyed said that the

low turnout (nearly 60 percent of those registered did not vote) was the result of a lack of faith that participation in the elections would change anything. Other reasons given were: disappointment with politicians not keeping their promises, dissatisfaction with the current governments, the general lack of trust in politicians, dissatisfaction with their own situation in life. Every ninth respondent made his decision for whom to vote on election day [passage omitted]

Wojciech Jaruzelski in an interview for AL-PRESS: "In some circles there is a need for a spectacle: Jaruzelski on the defendant's bench. Rumania settled the matter more simply. If it will make things easier, better for the nation, be my guest." W. Jaruzelski announced that near the end of the first quarter of 1992, his book devoted primarily to the events of 1981 will appear.

"What does the military fear?" GAZETA WYBORCZA discusses the report of the Military Institute of Sociological Research (a survey done in September): 68 percent of the officers has a negative opinion of the current foreign policy (in August 48 percent); 22 percent of the respondents noted the danger of direct military aggression against Poland within the next five years. (Six percent thinks it is very probable.) Of the respondents, 69 percent see no such threat. The greatest danger, in the opinion of professional soldiers, is the lack of stability in the USSR (83 percent), ethnic conflicts in Europe (64 percent) and terrorism (61 percent). About 75 percent of the professional soldiers expressed concern over the future of the armed forces (chiefly for economic reasons).

A spokesman of the Transportation Equipment Factory in Swidnik declared that talks on the assembly of Japanese motorcycles are well advanced. The talks are being held with Kawasaki.

The Torun Voivodship Court has given a sentence in the case of the six former employees of the Security Service guilty of kidnapping and torturing Torun underground activists in 1984. Those convicted were given sentences of imprisonment of three years six months to five years and a ban on holding public positions of three to five years. In its opinion, the court wrote, among other things, that "the charge concerned common crimes. The trial was not a settlement with the Security Services, but a trial of six particular individuals accused of specific acts."

Customs and tax exemptions given to the churches and religious unions on the basis of the so-called church laws, as an audit of the Main Office of Control showed, totaled 5,888 billion zlotys (Z) over the course of just two months of 1991, and exemptions from the turnover tax, in the same period, were Z36,308 billion [passage omitted].

The NSZZ Solidarity National Commission met in Gdansk. B. Borusewicz and J. Rulewski resigned as deputy chairmen because they intend to devote themselves to parliamentary work. The new deputies are Barbara Niemiec, an academic worker at Jagiellonian

University and Janusz Palubicki from Poznan, the current treasurer of the National Commission. The Commission decided that the communist system is criminal and that, in conjunction with the resolution, individuals cooperating with the communist system after 13 December 1981 cannot be elected to union offices.

Aleksander Gawronski, who was recently named manager of the Art-B partnership, from which he quickly resigned, in part out of concern for the interests of Ursus, has become the representative for the American concern John Deer and will import the tractors of that firm. [passage omitted]

The first museum of Anti-Communism in the world has opened in a shelter of an apartment house built in 1958 for the dignitaries of the time on Botaniczna Street in Poznan. Voivoda, party secretaries, militia commanders and prosecutors lived in the building. The parish priest of the Poznan parish of Jesus the Good Shepherd blessed the museum. (ZYCIE WARSZAWY)

Who's News

The minister of health has recalled Jerry Kurkowski as undersecretary of state for being responsible for the disorder which developed in the implementation of the new law on the principles of payment for drugs. A letter from L. Walesa nominating Dr. Hanna Gronkiewicz-Waltz, a doctor of law and employee of Warsaw University, for the position of president of the National Bank of Poland has reached the Sejm. Prime Minister J.K. Bielecki has removed Miroslaw Jasinski, an activist of the Center Accord, from the post of Wroclaw voivod for incompetence. [passage omitted]

Opinions

Z. Sawicka, journalist:

DZIENNIK LUBELSKI 2 December

There were also cases of suicides by farmers in Zamosc Voivodship during the first half of 1991. Our data show that in a number of such tragedies material and loan difficulties could have been one of a number of causes of the attempt on their life but not the only one. The theory of purely credit motives cannot be defended. Indebted farmers promote them through a mutual exchange of opinions and rumor without any basis in fact.

[passage omitted]

Stanislaw Latek, director of the State Atomic Energy Directorate:

GAZETA SWIATECZNA 18 December

The best proof of the horrible situation in information might be the fact that the Main Center for the Measurement of Radiation Contamination and the Control Center for Emergency Services in Warsaw are frequently

simply cut off from the rest of the world since their telephone cables go under the Zeran Canal and frequently get water logged.

Teresa Toranska, reporter:

Interviewed by Krzysztof Kaszynski and Jacek Mroczek
KURIER POLSKI 3 December

[KURIER POLSKI] You are now writing a book with the working title of "We" in which you interview the politicians deriving from Solidarity. Among them are the initiators of the decommunization laws. During these interviews did they explain what their goal is?

[Toranska] Unfortunately, I was unable to decipher that I see, however, an attempt to divide society into better and worse. A simple reversal of the ladder by 180 degrees. At one time, the party members were better now the nonparty members are to be better. But I am aware that sometimes the nonparty writer causes more damage than the party college graduate, the cleaning lady from the Central Committee, or the plant director. You cannot pigeon-hole people and human feelings because each of them is right in his own way. It was not just a question of fear, but frequently a desire to participate. I was taught that the worst thing is fanaticism, fanatical belief in some idea. The communists had such an idea. It destroyed not only them, but everything around. I am afraid that the same thing may happen with decommunization.

POLITYKA Weekly News Roundup: 21-28 Dec

22EP01454 Warsaw POLITYKA in Polish No. 1
21-28 Dec 91 p. 2

[Excerpts]

National News

[passage omitted] Martial law: what does society think of it? On 1 and 2 December 1991, the Pentor Institute conducted a survey for PRAWO I ZYCIE (See PRAWO I ZYCIE No. 50). 56 percent of the respondents considered the introduction of martial law justified (of which 19 percent "fully," 37 percent "rather justified"), 29 percent is of a different opinion (of which 12 percent "completely unjustified," 17 percent "rather unjustified"). No answer: 15 percent. In each age group, other than the youngest (up to age 19) the opinion that martial law was justified predominated. The lower the income, the greater the approval for martial law (62 percent among people with incomes up to 1 million zlotys [Z] approves, 17 percent were against, and for incomes above 24 million 45 percent against 43 percent approved). In response to a question about what W. Jaruzelski followed in making the decision, 50 percent said the desire to avoid Soviet intervention, 16 percent to avoid the collapse of the state, 13 percent to keep the communists in power, 8 percent the desire to liquidate Solidarity. In a survey by the Center For Research on Public Opinion (2 and 3 December 1991), the day-long

introduce martial law was considered justified by more than half of the respondents (53 percent).

On the tenth anniversary of the introduction of martial law, Adam Michnik published a lengthy article in GAZETA WYBORCZA that ends: "I call upon the deputies of the Sejm of the Republic in judging in the name of truth the introduction of martial law to be illegal to adopt a general amnesty law for its architects, who were also architects of the Roundtable. In the name of forgiveness and reconciliation." (GAZETA WYBORCZA, 13 December)

The government has approved the provisional budget law for the first quarter of 1992. Expenditures are to be Z86.15 trillion, income, Z68.55 trillion; the deficit will reach Z17.6 trillion. Inflation will surely be 4.5 to 5 percent a month.

The extra-ordinary congress of medical doctors met in Bielsko-Biala to discuss, among other things, the proposed new Code of Ethics for the Polish Physician prepared by the Main Council of Medical Doctors. Adoption of the document would practically end the possibility of legally performing an abortion (other than cases of a threat to the life and health of the woman and when the pregnancy is the result of a crime). [passage omitted]

Customs duties are increasing, beginning 1 January 1992 for cars, trucks, and buses to 35 percent from 15. The so-called minimum duties will also increase (for vehicles less than four years old from \$800 to \$1,500; for older ones from \$1,500 to \$3,000). The customs rates for cigarettes have increased to 90 percent from 55 percent, and the minimal duty is \$10 for every 1,000 cigarettes. The government is also introducing limits on the importation of butter, cheese, and oils.

The average wage in November 1991, according to the Central Office of Statistics, was Z2,115.7 million; in six sectors of the economy, it is 4.9 percent higher than October. The number of registered unemployed reached more than 2,108 million individuals in November.

A communique of the Episcopal Commission for the Mass Media announced the creation of a national Catholic daily. [passage omitted]

The chairmen of the Sejm commissions are: Foreign Affairs, Bronislaw Geremek of the Democratic Union (UD); Agriculture, Antoni Furtak of NSZZ Solidarnosc of Individual Farmers (NSZZ RI "S"); Justice, Zbigniew Dvka of the Christian National Union (ZChN); Ownership Transformation, Janusz Lewandowski of the Liberal-Democratic Congress (KL-D); Social Policy, Jan Litvinski of the Democratic Union (UD); Economic Policy, the Budget, and Finances, Henryk Gorvyszewski of the Christian National Union (ZChN); Culture and the Mass Media, Adam Slomka of the Confederation for an Independent Poland (KPN); Regional Planning, Stanislaw Weglowski of the Center Accord (PC); Foreign

Economic Relations and Maritime Commerce, Jerzy Kropiwnicki of the Christian National Union (ZChN); National Minorities, Jan Piatkowski of the Christian National Union (ZChN); Youth, Physical Culture, and Sport, Alojzy Pietrzyk of NSZZ Solidarnosc ("S"); Constitutional Responsibility, Edward Rzepka (unaffiliated); National Defense, Maciej Zalewski of the Center Accord (PC); Education, Science, and Technical Advancement, Andrzej Smirnow of NSZZ Solidarnosc ("S"); Legislative, Teresa Liszcz of the Center Accord (PC); Economic System and Industry, Jerzy Eysymontt of the Center Accord (PC); Relations with Poles Abroad, Slawomir Siwek of the Center Accord (PC); Local Self-Government, Andrzej Terlecki of the Confederation for an Independent Poland (KPN); Health, Elzbieta Seterowicz of the NSZZ Solidarnosc ("S"). [passage omitted]

An anonymous, high-level functionary of the CPSU Central Committee who worked in the Polish office of the International Section of the Central Committee in 1980-81 told Leon Bojko, the Moscow correspondent of GAZETA WYBORCZA (13 December 1991): "Rakowski was the darkest figure, worse than Kuron or Michnik. It was well known that they were in opposition, but a high-level party activist." When Rakowski as deputy prime minister flew to Cuba through Moscow, no one wanted to meet him at the airport. He was for them a social climber. In the end, the Politburo forced Deputy Prime Minister Talvin to meet him. POLITYKA and GAZETA KRAKOWSKA were on the list of most hated journals. [passage omitted]

In Warsaw, the congress of the Union of Press Publishers, a national Polish organization of more than 50 important publications, met. Its main goal is to create the best conditions for the operation of an independent press in Poland. Kazimierz Woweicki, editor in chief of YCIE WARSZAWY, was chosen president.

Who's News

The new chairman of the Democratic Party is Zbigniew Adamczyk (age 33), deputy chairman of the Main Revision Commission. He was chosen by the so-called Congress. The current chairman Aleksander Mackiewicz submitted his resignation. [passage omitted]

Opinions

[passage omitted]

Ryszard Bugaj, Labor Solidarity

Interviewed by Andrzej Marciniak, WLADEMOSLAW DZIA, 9 December

[Bugaj] We are dealing with a huge accumulation of inflationary factors, progressive technological backwardness, and the last two years have brought a great degradation of the national assets. All these things will come out in the long run. One can even say that Leszek Balcerowicz is leaving at the last good moment for him.

Critical Analysis of Roman's Stewardship of FSN

92BA03240 Bucharest DIMINEATA in Romanian

17 Dec 91 pp 1, 3

[Interview with Dr. Ion Munteanu, senator for Giurgiu, by Ionel Dumitru, place and date not given: "Petre Roman Became Power-Drunk"]

[Text] [Dumitru] When you left the FSN [National Salvation Front], in your explanatory report to the Senate you said, among other things: "The fashion is for representatives of the local power, deputies, and senators to chase after the villas of former dignitaries." Can you give us examples for your statement?

[Munteanu] The question is thorny. There are examples. Some senators received the villas of "have-beens," like Mr. I. V. Sandulescu. He said he merely swapped housing with the former interior minister, Tudor Postelnicu. They swapped a cell for a villa. Mr. Dan Iosif also took a similar villa, Ana Muresan's. The move hasn't taken place yet, but I'm sure it will be finalized. A few months ago Mr. Dan Iosif was filing censorship motions against the government. Now he declares himself pro-Roman. Can it be because of the villa? Elsewhere in the country, in Giurgiu County, some of the Front secretaries swapped their efficiencies for apartments with three or four rooms. One notorious case is that of the chairman of the Giurgiu FSN, Mr. Mihai Iusut, who promoted relations of blind subordination in violation of the democratic principles that should govern the activities of any political group. The national leader, Mr. Petre Roman, was also informed about the serious lapses and abuses committed since Mr. Mihai Iusut was elected to his post. He brought pressures to bear on the County Prefecture in order to secure an authorization for his father-in-law to open the Impuls company, which, among other things, sells goods confiscated at the Giurgiu Customs. In addition, there have been deals involving color television sets or freezers, and abusive use of cars belonging to the Front and the Prefecture for personal purposes. He also ordered the firing of the chief editor of the Front magazine VLASCA for having allowed the publication of material revealing his illegal dealings. The Ethics and Disputes Commission of the FSN Managing Council decided to have Mr. Mihai Iusut ousted from the FSN. Unfortunately, the FSN Managing Council never had the time to take care of replacing the leader. Under its decision of 12 November, the FSN Managing Council suspended Mihai Iusut from his position as chairman and 30 days later his prerogatives were to be taken over by three representatives. The safes were sealed and the bank accounts were frozen. In a bid to avert an FSN scandal in Giurgiu, the Managing Council sent a team to prepare the convention for elections, one member of the team was Dan Iosif. Now everything has been silenced. There are other examples, too. It's a fad.

[Dumitru] Recently, three FSN county organizations requested the holding of a special national convention of

the government party. How would you describe the present situation in the Front?

[Munteanu] I was one of the group of 56 senators who requested the convening of a special national convention in order to clarify the ideological situation of the Front. The same step was also attempted at the level of Giurgiu County. The chairman gathered his faithful and the decisions taken matched his wishes. I wouldn't be surprised if the national leader didn't summon his faithful and the outcome is like in our county. Moreover, those who dared sign the open letter may become undesirables or be ousted from the political party. I was summoned by the Ethics and Discipline Commission of Giurgiu County, which after ousting two of the founding members—Nelu Dumitrescu and Dumitru Caraiman—was about to discuss the case of those who refused to denounce the signatories for the purpose of ousting them. I am convinced that the same situation will recur at the level of the national convention. Elected will be those who suit the Front top leaders and Mr. Petre Roman personally, while those who disturbed the power drunkenness will be shifted out of that political party.

[Dumitru] Two prominent political figures, symbols of the December revolution, are now, two years later, having serious differences. What do you think led to the break between President Ion Iliescu and the former prime minister, Petre Roman?

[Munteanu] Between the two figures there is an undisputable ideological incompatibility. I was once again persuaded of that at the recent talks I had with the two. From a political viewpoint, Mr. Ion Iliescu is superior to Mr. Petre Roman. He has greater insight and a greater ability to weigh immediate situations against the future. And, a point that may be essential, he is less likely to be influenced. I think that the microenvironmental climate—I'm referring to the advisers—has had a negative impact in the case of Mr. Petre Roman, but a positive one in the case of Mr. Ion Iliescu. In the case of Mr. Petre Roman, I hold both the counselors and the one being counseled as guilty. The Front national leader claims that Mr. Ion Iliescu should not have talked to the miners and should not have folded under their pressure. I am in favor of dialogue, because that is the only way to understand the other side and to be understood yourself. I do not agree with certain accusations regarding the nomenklatura, because Petre Roman, too, is a beneficiary of the nomenklatura. I even told the former prime minister so. He answered that he rose by his own forces. Let's be serious! Others were talented, too, but they didn't go abroad to study. It is being said that the purpose is to refresh the Front by an infusion of young people, none of whom belonged to the nomenklatura, although the majority derived advantages from the nomenklatura.

[Dumitru] Mr. Petre Roman is under critical fire both from the right and the left of the political spectrum. Point 5 of the communique of the FSN organization for Dimbovita stated: "Dictatorial tendencies and attempts

by the self-imposed national leader to enslave the party. What do you reproach Mr. Petre Roman for?

[Munteanu] It is being said, and for good reason, that the present FSN Managing Collegium is a kind of Roman Club. People are kicked out and people are brought in according to level of impertinence. Petre Roman became power-drunk.

Miners Wreak Havoc on Their Way to Bucharest

2840248A Bucharest: ITINERUL LITER
in Romanian 10/11/91 Des 10

Article — three installments by Lucian Cristea "Train of Horrors."

[10 Dec pp 1-2]

Text: "What do you do here?" "I sort out the passengers in bunches of 100. Then I release the trains, which carry them once to the right, once to the left." "They're in a great rush. What are they looking for?" "Even the engine driver doesn't know." "Do they also come back?" "Not the same ones. These come instead of the others. Were they unhappy where they were before?" "Yes, a few were happy where they are." (Mihai Stelian)

[September 1991] 2100 hours. The RCM (expansion not given) office at the Petrosani railway station. The phone rings. Aurel Cristea, shift foreman, picks it up. A terse message comes from the other end of the line. The miners in the center of town intend to go to Bucharest by rail. In one quarter of an hour. Same office. Same phone rings as shrilly as before. At the other end of the line, which might as well be at the other end of the world, is Ion Cosma, leader of the miners' trade union. Just as terse, imperturbable, and harsh, he requests 14 passenger cars to take the miners to the capital city. The ultimatum is for 2200 hours. Aurel Cristea is above anything else human, but he also has the reflexes of a railway man in his blood. He reports the situation to his superiors. At the railways, contrary to some opinions, discipline is still in place. The news travels in hierarchical order from one rung to the next. The ones in charge reply: "The trains requested cannot be released because there are regulations." Miron Cosma and his mates do not accept rules. They want to get the cars parked in the station. In the yards they are registered as low cars of the regular run (1742 and 1882 between Petrosani and the localities of Supracata, Lupeni, and Craiova). Their argument is force. The surge of numbers of clubs, axes, and rubber hoses. The Petrosani railway offices, invaded by miners, become like some caves. On the one side the attackers, on the other men in whom fear was sprouting like wheat germs. Marin Pera, the deputy station chief, was attacked and taken hostage. The several train cars standing in the yards were the prize for his life. The storm broke out. A miners' hurricane swept everything in its way. No possessions, furniture, smashed windows,

broken furniture, ransacked papers. And terrified people watching the death shadows lurking at the station windows.

Lead was raining in the rooms. Burnt smells. Souls were burning. And memories. A railway station crying. Has none of the young miners ever waited for a lover at the railway station of his town? Never seen off or expected his buddy, gone to join the army? Around here death laughed in a nightmarish night. On the page on which human destinies passed like ghosts in the course of time. For some, the station was a link. Eternal flowers should be growing from the thousands of tears fallen among the ties. How many oaths must have been etched in the station walls? "I love you." "Write to me." So why should anyone kill a small railway station? Why kill part of the history of your native town? But can history be killed? It rained lead in people's hearts. The wounds still hurt. The wind like a skillful medic, was soothing them with applications of breeze. But they still hurt. The railway station is like the city gate. And at this gate some people buried their hopes like treasures. At night, slight figures walk around it. They are the ones who want to know whether their dreams of a better life have struck roots. At times, however, the storm comes and tips out their seeds. What a shame.

The time is 0112. A train with 14 cars leaves Petrosani. At 0144 a second train, made up of seven cars, is leaving. At 0244 the scheduled fast train 44 leaves with a delay of 20 minutes. The first two were additional, unauthorized trains. All were filled with miners. There are miners in the engineer's cabin, too. They're listening to radio communications between the engineers and the personnel of the stations through which they pass. The engineers are forced to violate traffic regulations. The first train stops at the entry signal to Lupeni station, which the station personnel had intentionally set on red. The miners are furious. The group gets on foot in the railway station about 1.5 km from Bolescu. The senior official on duty is beaten with clubs, his clothes are torn off, and he is forced to let the train go into the station and continue its travel. Other trains catch up, including the Deva-Bucharest fast train. Its last four cars, packed with miners. Desperate appeals are sent from Lupeni to CFR (Romanian Railways) workers to let the trains through. The next stop, Lupeni. There, following an order from the minister of transportation, the miners' trains are once again stopped. The miners' hurricane rips devastatingly in the tiny Lupeni station. The images are becoming familiar: broken windows, telephone and radio installations ripped apart, ransacked furniture. The black wave is hard to stop. At the Lupeni station, the same scene. The personnel on duty at Lupeni refuses to let the trains in. The miners make an example of the station master's punishment. They also take the money from the cash register. By 0301 train number 44 A is parked in track 1 and 15 minutes later, train 42-B arrived in track 1.

I interviewed Mr. Cosma, who was accompanied by 100 miners, and told him that it was impossible to send

trains to Bucharest. We let Mr. Cosma talk on the phone with traffic controller Dumitrescu and then with controller Ibradi to which Mr. Cosma responded that on 1 June 1990 trains were found to take the miners in Bucharest. During this time groups of miners were vehemently demanding trains threatening and insulting me and saying that they had nothing against it when the CFR went on strike saying that we were criminals that a lot of livestock died at that time and that they were going to blow up the RCM. The din was frightful. Under the pressure of the miners I tried to solve the problem, which was very tense by asking Mr. Cosma to write down the request for trains in the Book of Instructions, including what they consisted of and the forms in which payment was to be made. The tension on the side of the miners became understandable and so was the pressure in order the trains. Surrounded as I was on every side by an impressive number of miners my cigarette lighter disappeared in the meantime; then the watch I had in front of me. A few miners took me by the hand and decided that I should accompany them to Bucharest. At 2350 I received instructions by teleprinter that the miners' trains had been turned down. The reaction in the room was furious accompanied by threats and insults to the railway personnel. A genuine bombardment with stones and cans was unleashed on the RCM windows. Other groups of miners were threatening us with rubber hoses, axes and clubs. One of them was even holding a brake shoe for stopping the trains. I have to admit that among the mining miners many of whom were under the influence of alcohol, there were also some who understood the situation perfectly well and who being reasonable protected me. I was very lucky that two to three men protected me. One of them a dark one told me to run for my life. At about 2350 I received permission from command I tried to leave the station together with the people who were in the room with me. At the marshalling yard after the trains left I found out that at the Petrosani station Ion Bulescu had been caught and beaten up by the miners. I Kuznetsov, head of shift at RCM Petrosani.

(1) Dec 20 - 21

Train. The miners led by their trade union leader equipped the RCM with their customary arms: clubs, rubber hoses, hatchets and blunt instruments, and they demanded that they be given trains to go to Bucharest. However, I said. The demand was violently made. They threatened that if they weren't given the trains they would use every means of violence and destroy the building by fire and dynamite while we would be suffering the most terrible tortures. The trains scheduled to leave for Ieremia and Marhaeni were forcibly occupied by the miners. I was attacked and insulted. The philosophy was getting worse and worse. We left the RCM for the engine shed trying to save our lives. But when the miners were pursuing us we left the shed and ran toward the Petrosani marshalling yards. (Ion I. Ibradi, RCM expansion not given, operator at the RCM Petrosani).

I went down to the pier in front of the RCM to escape the miners' violence. Around 2300 I saw them pill and ransack the office. There were scenes of unimaginable vandalism. Anyway these miners' actions, their attacks in constraints and intimidation of the railway personnel were unbelievable. I cannot believe that human beings can be so violent and unconscionable. (Gheorghe Stricatu, RCM expansion not given, operator).

At one point about 50-60 miners rushed up the steps saying they were going to kill us because we were undermining them and not allowing them to go to Bucharest. In the meantime they also seized the last train No. 244 terrorizing the passengers. Someone added to the excitement by saying that their leader had allegedly been arrested by the TF [expansion not given] police. That's when the rioting started. They molested railway guards and broke up all the offices and the station windows. I personally was threatened with an axe in the RCM office but luckily for me someone yelled to them to leave the people alone and stop breaking up things, or they'd have to answer to him. Against the background of the same kind of threats with axes and clubs a four-car train was formed on 26 September, which was boarded by about 400 miners. The cars had been forcibly disconnected from train No. 241 which had arrived late into the Petrosani station. I think we were compelled to offer services in violation of the regulations and traffic safety could have been endangered. (Ion Ibradi, RCM operator at the Petrosani Traffic Control).

I was on duty on the night of 24-25 September. Around 2300 the front door was forced open by a group of miners who demanded railway cars to go to Bucharest. I told them I had no cars to give them. They grabbed me by the hair and took me out on the pier where they said they were going to kill me. A man came also a miner and told them to leave me alone. He took me to the back of the building and told me get away because these people will either kill you or set you on fire. So I ran to the engine shed. (Iacob Popescu, electrical engineer at the Petrosani TTR [expansion not given] district).

In the evening of 24 September around 2200 I was on duty at the Informations and Hand Luggage desk when I was assailed by a group of very violent miners armed with clubs, iron bars, and rubber hoses. They said vulgar things to me impossible to repeat in writing, in grounds that the CFR personnel were thieves and didn't want to transport them to Bucharest. I cannot describe in writing the violence I witnessed. (Floarea Angu, CFR worker).

The shift foreman Iustin Ciombaru, was beaten up and forced to run together a train for Bucharest with an empty train, train No. 279. At the depot the miners came to look for an engine and personnel. (Atandru Abudcan, RCM operator).

The men in the office were shouting at me to give them another train because there was not enough room for the miners. Seeing that no other train was coming, they

larger. I shout at the end and threaten me for using violence. One of the miners hit me in the head with a length of cable with very inside. My cap fell off, my eyebrow bone was broken, and my face was covered in blood. After which some of them were telling him to stop hitting me. Two of them grabbed me by the arms, my head broken and all, put me in the engine of train 208A, and told me to go to Bucharest. The train slowly started to move and I was begging them to let me go, because I had asked to have to send another train for the others who had been left on the pier. At my insistence and hearing what I was saying, they told the engineer to slow down before the barrier so I could get off and go back. After I got off I started running toward town and went home. (Lunar Community shift foreman, Petrosani station)

Notes

1. Order to avert serious traffic accidents take urgent steps to stop unauthorized trains along the Timisoara trunk line. (Lunar Basescu, minister of transportation)

2. By R. transportation has given: train No. 405 7/9 Sep 1991.

3. We want to inform you that in the wake of order 11/1 train 44 A and train 42 C were stopped at the Lupinesti station point and kept there from 14/1 and 14/2 respectively. Due to disorder and threats by the passengers of these trains against the station master in that train 44 A was sent off at 15:00 and train 42 C at 15:15 toward Bucharest.

4. Because of the pressure and threats by the passengers of train 44 A and 42 C traffic resumed at that time.

5. We want to report that the set of cars of train 44 A was in station until 18/1 and in train 42 C from 18/18 in town. We want to point out that throughout the train's travel the traffic personnel were threatened in violation with the regulations of those trains. The same kind of threats are continuing at the Lupinesti station against station personnel. Please advise.

6. The minister of transportation has ordered that until further orders no train should circulate in the area delimited by the stations Subcetate, Petrosani, and Lupinesti. The rolling stock will be parked between indicators and secured against rolling off. The engines in the area will be pulled in and the personnel sent home. The station personnel will switch on all the halt signals in case of danger. They are authorized to leave their post.

7. Following the cancellation of passenger trains in the area Subcetate-Bucharest with 400 passengers are continuing with the connection at the Semeria station saying they were going to get the station for free and destroy the installation. The TF police was advised not to interfere.

8. The minister of transportation has ordered the immediate resumption of normal passenger and freight traffic between the stations Subcetate, Petrosani, and Lupinesti.

9. We advise you that at 8/1, train No. 142 C with four occupied passenger cars came in without authorization from the Timisoara trunk line. Since we do not have orders for the travel of this train please advise.

10. In view of the fact that train No. 42 C entered the Lupinesti regional trunk line without authorization and is running in violation of the operation regulations, thus endangering traffic safety, take steps to stop that train by switching on all the halt signals.

[12 Dec pp 1-2]

[Text] 13 September 1991. A group of miners occupied the set of cars of train 112B scheduled to leave for Craiova at 18/1. Passengers were pushed around, forced to get off the train and to interrupt their journey. Engineer Marin Mores was forced to head off for Bucharest. He explained to them that a railway disaster could occur in those conditions. The personnel at the Petrosani station was compelled to switch on the free passage signal. The train traveled like a phantom, although it had stops scheduled at each station. Engineer Marin Mores was threatened to be killed if he tried to stop the train. By radio he desperately contacted the traffic controllers on the way to let his train through. At 17/1 the electricity was cut to the contact line and the train stopped close to the Lupinesti station. The miners threatened to blow up the train with the 400 kg dynamite they had with them. The engineers' lives were hanging by a thread. They were threatened with knives. The miners demanded a diesel engine to pull the train, otherwise they were going to blow up the compressed gas installation near the railway. Although the miners started off toward the Lupinesti station, in the area of the 11/1, 11/2, 11/3, 11/4, 11/5, 11/6, 11/7, 11/8, 11/9, 11/10, 11/11, 11/12, 11/13, 11/14, 11/15, 11/16, 11/17, 11/18, 11/19, 11/20, 11/21, 11/22, 11/23, 11/24, 11/25, 11/26, 11/27, 11/28, 11/29, 11/30, 11/31, 11/32, 11/33, 11/34, 11/35, 11/36, 11/37, 11/38, 11/39, 11/40, 11/41, 11/42, 11/43, 11/44, 11/45, 11/46, 11/47, 11/48, 11/49, 11/50, 11/51, 11/52, 11/53, 11/54, 11/55, 11/56, 11/57, 11/58, 11/59, 11/60, 11/61, 11/62, 11/63, 11/64, 11/65, 11/66, 11/67, 11/68, 11/69, 11/70, 11/71, 11/72, 11/73, 11/74, 11/75, 11/76, 11/77, 11/78, 11/79, 11/80, 11/81, 11/82, 11/83, 11/84, 11/85, 11/86, 11/87, 11/88, 11/89, 11/90, 11/91, 11/92, 11/93, 11/94, 11/95, 11/96, 11/97, 11/98, 11/99, 11/100, 11/101, 11/102, 11/103, 11/104, 11/105, 11/106, 11/107, 11/108, 11/109, 11/110, 11/111, 11/112, 11/113, 11/114, 11/115, 11/116, 11/117, 11/118, 11/119, 11/120, 11/121, 11/122, 11/123, 11/124, 11/125, 11/126, 11/127, 11/128, 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at Tingu Iiu to have the electricity restored to the line. The miners threatened to blow up the station and the tunnels and to destroy the tracks and installations. In the meantime, about 500 miners arrived by car at the Tingu Iiu station. They were armed with clubs, iron handles, and rubber hoses with screws at one end. Ion Stanculescu, the traffic controller on duty, was threatened with being tossed off the control tower if he didn't release the necessary cars for Bucharest. An engine was sent from Bucuresti to Laminici. At 0345 the two joined sets of cars left for Bucharest. During the layover, the miners broke two signal lights, ransacked the SCB (expansion not given), workshop, broke windows, and stole money from the station cash register.

26 September 991 About 50 miners demanded that the traffic office reroute train 141 to Petrovan through Tingu Iiu. The personnel on duty turned down the miners' request. The master of the Filiasi station was taken hostage, put on the engine, and forced to order the train's departure for Tingu Iiu. The train arrived in Petrovan at about 1520. About 500 miners seized three cars of that train set. The engineers gave the departure signal under the threat of knives. The rest of the route to Bucharest-Banescu proceeded without further incident.

About 50 miners armed with clubs, iron handles, and rubber hoses with screws at one end rushed me, threat- ening to throw me out of the railroad control windows if I didn't make available to them train cars to go to Bucharest because they were going to change the government and the prime minister, while others were saying they were going to replace Nicolae Ceaucescu. I told them they could wait from Tingu Iiu, it was too late now, and they threatened to blow up the station with the dynamite they had on them. Ion Stanculescu, traffic controller at Tingu Iiu (railway station).

Allegedly, from the Petricea-After station, the miners threatened to take any of the rail in straighten the rail as when they came to Laminici. When I saw that the train was coming (over to Laminici) was forced to blow down the station and escape to the woods. The miners entered the traffic office, broke the windows, stole the money from the cash register, destroyed two switch signals which then put out of operation and destroyed the command panel. Florin Churulescu, traffic controller at the Laminici station.

We couldn't talk to anyone anymore. Not with them because they were yelling, not to our stations, not with the traffic regulators. We didn't know what to do any more. We were simply sequestered in the office and they were doing what they wanted with us, especially, until most of them were under the influence of alcohol. Perhaps if I had taken another few minutes, but now they would have treated us to their turn. (Catherine Petricu, traffic controller, Filiasi station).

The engineer of train 1026, Marin Meysa, was shouting on the radio every 15 minutes in left hand what the situation was, whether the power was being restored,

to the contact line, and if not whether he was going to be given a Diesel engine to pull the train, because their lives were in danger. Their trade union leader, who was accompanying the train, broke in and said that if we weren't letting the train through in 10 minutes, the engineers were going to be executed. I'm giving you a 15 minute ultimatum, he said, for the train to depart from the Cotofeni station. Otherwise the train engineers won't live. (Gelu Marinescu, shift foreman, Iulita station).

On 2 September at 1946, at the Banu Maracine station km 200 + 100, team 1 of the Banu Maracine district was at work performing some manual perforation operations on switch no. 11 on line II. When train 144A passed, carrying miners on the Craiova-Bucharest route, two objects were tossed out of the train: a clay statuette and a iron handle. The iron handle hit the worker Constantin Filas in the face. He suffered lesions for which he was immediately taken to the railway polyclinic of Craiova where he was treated and put on sick leave.

I was forced under the threat of beatings and iron handles to put the train in motion. I left Petrovan under the threat of being killed—both I and the second engineer—if we stopped the train before Bucharest. They told me they had 400 kg dynamite on them and were going to lay mines in the train. We passed through the Craiova station without stopping. (Marin Meysa, locomotive engineer at the Craiova depot).

A group of miners forced their way into the office. Without accepting our explanations, they started to break various objects with their clubs. They overturned the table in the middle of the office and hit the secretary on the head. Then they went out furiously and broke all the windows in the waiting room, the glass in the water cooler for the second class, the telephone, lights, and the technical office, producing panic among the railway personnel and the other passengers. They searched for me to punish me because the thought was the reason that they couldn't continue to Bucharest. Several passengers were chased off in the street. One officer, who was accompanying General Dr. Miuha, had his hand broken. A mine in the door was thrown open by the miners, who took various things out of the Engineers' (Petru Panu, station master, Banu Maracine railway station).

Second engineer Valeriu Constant, who was coming to enter with the engine into the Craiova depot, was hit by a group of miners because he didn't want to go with them to Bucharest.

The railway workers at various stations were gathered in the miners with their pickets and other things.

Trains They could have been countless. They could have been Japanese. They could have been any one else for their fellow men. Who they were doesn't matter. We've forgotten how to fear. From now on, I'll live through a terrible nightmare. Trains coming in the night toward the mouth of death. I've lived with many miners, iron bars and beatings, instead of flowers. (Gelu Marinescu, shift foreman, Iulita station).

brother, the railway worker, may also have his own pain and troubles. Next to the engineer, on the locomotive, flowers of death. Has death donned miner's clothes? At that point, on the rail tracks, we were all of us one step away from death. Railway traffic has very precise rules. Just like down in the mines. Damages. Huge damages, in the millions. But the most enormous damage was the loss of human dignity. People humiliated. Souls dragged through the mud. For what? Your brother, the railway worker, also has a family, responsibilities, his own troubles. Because the railway worker is a man, too. And a Romanian, like you, miner."

PSN Policies Seen Ignoring Church Rights

228401504 Bucharest ROMANIA LIBERA
in Romanian 25, 28-29 Dec 91

Interview in two installments with Archbishop Pimen of Suceava and Radauti by Petre Mihai Bacanu, place and date not given. "There Is Nothing We Need Fear Any Longer."

[25 Dec pp 1-2]

[Text] Our Christian church and faith have said yes to the Constitution, but the Constitution has said no to the church. The amendments suggested by the church were ignored. Not only the formula "In the name of God, the All-Sustaining," and not only having a day of rest on major traditional Christian holidays, so that there should no longer be need for a presidential decision (evidently for propaganda purposes). They let us off for Christmas."

A Constitution that does not say a word about the church, as well as many other communist injustices perpetuated after the revolution, prompted His Holiness Archbishop Pimen of Suceava and Radauti to take pen in hand. As always, President Iliescu beat about the bush in his reply to Father Pimen's letter, too. The reply was "general." Mr. Iliescu boasted that "the state pays the salaries of Orthodox priests in the diaspora in full and in foreign currency." Then why does it not pay the salaries of those in the country, because "God knows let any being printed newspaper?"

Romanians, too, have a yearning to be saved. Except those who really need it and who obstinately refuse to be redeemed and to renounce the communist reflexes, at least in replies to the church.

His Holiness Archbishop Pimen was asked enough to give in an interview.

Bacanu: What do you hate most in life, Father?

Pimen: Lack of sincerity.

Bacanu: What do you love best?

Pimen: That a person should be what he is.

Bacanu: One question about the priests' conference. What do you think can be achieved?

Pimen: I know that all the priests are behind this conference. In the end it will be grasped that we need more intensive activities, organized activities, and active initiatives on the part of the priests. We should praise this desire of the priests to bring up their concerns.

Bacanu: It has nothing to do with the church hierarchy? In other words, it does not overlap.

Pimen: The way issues are sometimes presented, there could be an overlapping. But now even the members of the managing commission have realized that it is not good. They are receptive enough and have enough understanding, and of course the great majority of the priests are very correct in their thinking about this matter. Namely, that we should not go as far as to have overlapping.

Bacanu: I think you will agree with us that the conscience of the Romanian people has been affected. What do you think about that? What can the church do?

Pimen: It must preach moderately, from the altar and from any place of priestly service, in a discussion with the faithful, how we are to think in a Christian manner. We may have understanding for this period of economic crisis, but it is also a moral crisis. The priests must tell the faithful what is moral and what is not. The answer to Mr. Iliescu's question whether we go out into the streets with the cross and the gospel, not for the sake of the liturgy, but in order to protest, is that if we do come to such a point, it is in order to point out an injustice committed not against a person, but against an institution. We are also duty-bound to show what is good by praising it, but also by criticizing what is bad. Now we no longer need to fear to speak as the church and the gospel teach us. We must not be afraid any longer. It is the end, we are telling our opinion, each one of us, his personal opinion. And we are not in the least wrong.

Bacanu: How did you react to the idea of receiving half a salary?

Pimen: But it's not even one-half, because if it were one-half it would be very much, but it's less than a half, as far as we understand, it can be up to about 30% (or) is perhaps a bit more, because the parishes are too poor. Now the priests are earning very little. Previously, indeed the priests got their entire salary from the parish and from their services. Now, not even 1 percent. In a good parish, as we used to say in the past. Because people's financial situations are very hard. Now, can people give when they don't have? Yes, but that's gradual. They may have, the honest way, if stating the issue is in view of the fact that there is no money to pay salaries in full, or if half, allocate a larger portion and, Mr. Iliescu said the peasants must be considered a larger portion of land, which the big peasants agreed upon, which are allotted lands in communal areas, that would be something. Because there is not taking money, no.

we must carry out religious activities without however neglecting the social aspects. Which is what we do.

[Bacanu] I must insist on the question. Regarding civil matters, has the Church ever violated its vocation?

[Pimen] No. Never. The Church always sought an active vocation in every circumstance no matter how difficult—I am thinking of this atheist period. The Church always maintained a presence.

[Bacanu] Do you think that communists can be "tamed"?

[Pimen] Their wisdom or styness is often perhaps greater than the devil's. That's what I believe.

[Bacanu] The Church also has a prophetic vocation. Does it foresee a pain-free future?

[Pimen] The Church always preached freedom and urged people to believe in a freer future. At the same time, the Church urged them to be more alert and more patient about the trouble that may emerge. It never taught a total victory, nor was the certain achievement of a future free of pain as you said. Because that is the way of the Church, the way of pain. This is the meaning of the troubles that the Church is experiencing. So, as the Church song goes, you came to the world through the cross. Consequently, it preaches freedom and a climate compatible with human dignity, but at the same time it shows the pain that comes up along the path to such freedom.

[Bacanu] How do you think the relationship between the intellectuals and the Church can be restored?

[Pimen] Through discussion, through publications. Now we have an opportunity through the presence of priests in schools. But the priests must show greater understanding, greater humanity. I also see, when making such harsh words. The intellectuals, too, must lower their guard and draw closer to spiritual matters, to the values of the people in art and in our regard. There have been many opportunities for people to come and relieve their hearts when our explanations were many of them confessed, got married and baptized their children. In the past two years many teachers who came with whom children and especially students, lingered in the gate tower of Punga and in Jimineasa's room—where the round—because I had opened a purely spiritual discussion about marriage, confession, communion and reading the Holy Scripture and they stayed about one hour. The next day a group asked me: "Are you going to the gate tower?" Just for that purpose. What is even more interesting, at Suceava I once received a group of party activists who were university professors. There were more than 40 teaching staff in charge of propaganda. We served some refreshments, but still they were staying in the end. I thought perhaps there was something they wanted to discuss. What does one discuss with such people? I thought perhaps some of them had something. Then they began to talk. Matter of purity of

religion. We talked for about one hour. They said: "Father that's what we came for to listen. That's the intellectuals drawing closer to religion. We mustn't be too demanding, one step at a time."

[Bacanu] How do you see the renewal of the church?

[Pimen] It will occur to the extent that we observe church canons, in the sense of implementing them on the one hand, and on the other of humbling ourselves before them. That is what the canons say. But the church has always worked this way and had this kind of attitude, except that the issues are now at other levels and in other environments. On the one hand, we observe the canons, on the other hand, we humble ourselves before them. But that is done within the Synod or in the servers of the confessional. There is no spiritual renewal without the mystery of confession and without the other church rites.

[Bacanu] How do you assess the new developments prompted by the December events? Did they mark a trend toward a new spiritual age?

[Pimen] The revolution meant very much because it began with the confession "God is with us." So, on the one hand, it marked the confession of the presence of God, while on the other hand it was a confession of man's desire to always be with God. Therefore, the revolution was sacred. It came to sanction existential human rights and at the spiritual level, the freedom of thought and of writing, as well as the natural human rights in economic and financial areas, especially for the young. That is why it meant very much. But I agree that some have forgotten and are now forgetting those young sacrifices. We must never forget those who languished in prisons, those who died there and the young dissidents who gave the signal. Now it is easy to talk and criticize, but those who did so in the beginning, at the time, showed great courage. Consequently, we must believe in the sincerity of those people. They were the fathers of the revolution, the young models of the revolution, together with the great masses of youth who were thought to be godless, but who were and are with God. We must recall that sacrifice and all attention where people are forced to pull away, where it is easy to alienate them.

[Bacanu] It has been said that the Church does not get involved in politics.

[Pimen] We say the Church doesn't get involved in politics, but it is not indifferent to political issues when they have a direct effect on people's lives, when there is injustice, when immorality is propagated, and so forth. What the Church did, its so-called communism, was by no means a means of salvaging anything, but the only way to get example from the life of the Saints. Father Dumitru, when he was forced to take measures against a priest, he categorically refused. After the service he followed up with some teaching—the second part. We must be understanding and allowing us, communists, freedom of action and for his assistance. After that, we would get to teaching him without authoritarianism. There were other

that walked out of the church saying, 'They're into politics again.' When the revolution came, it caught us with the monasteries full of youths and with many young monks ordained in violation of the provision of Decree No. 411. That was a great act of courage on the part of the saintly Father Patriarch. He violated communist provisions or decrees, but pacified them with a word spoken in the cathedral for which many walked out of the church. That is how God's house was restored in almost a half year without authorization. We began to repair the roof of the Protopia church through which you could see the sky—a roof that was almost nonexistent without a permit. In the end they let us begin the work. The price was that attitude of goodwill which was criticized especially after the revolution.

Bacanu: I would like to ask you now that we have won the freedom to talk the freedom of expression. You yourself protested against the half-measures or quarter-measures taken in connection with the rights of the church. That was a political act too. People had pinned great hope on the local authorities. Many turned out to be corrupt, are doing nothing for the villages and are not listening to the people. Is it the mission of the priests to intervene?

Pimen: Enlightening people is a sacred duty. When the time will come for the local elections, I will tell them. I told people, day after day, how many obstacles were in the way of the church, but I told them to consider well to whom they give their vote. I considered it my sacred duty to show that the church is not compromised and is being revitalized. At the same time, I said:

Bacanu: If they say I think and by the performance, I did not do anything. An electoral situation? I would not say. Because Romania is used to the vote situation, they don't know how to vote.

Pimen: That again I know. They were not trained. Take the 1989 election, the constitution. They didn't have the necessary education. I think that what should have been done was to have in the country the precommunist constitution and in another country the communist constitution. That would have been honest. It is true, however, the better—the communist constitution and the recommended by thousands of experts in the country.

Bacanu: What about the 1991 constitution?

Pimen: The 1991 constitution is the first country. They were not used to it. Now good was the constitution in which people were said to have voted. I think there was a great consensus. That is what we considered when we found out that the dead had voted. The response was: 'No, they were asking how to do it. How could they, the village artists would guess them, you are not a no. When you say yes, it's positive, when you say no, it's negative. How could the peasants say no? It is difficult to be said yes. When you ask them, 'Do

you vote in favor?' they say, 'Well, I didn't know.' There are lots of such examples.

Bacanu: Do you think that the same thing will happen at the elections?

Pimen: I don't think so. But we must do our duty. This cannot be. We must explain. We have too much material that must be brought to the attention of the world, which shows that things are not done honestly. We are discriminated against. At least in Suceava. How can I vote for the prefect of Suceava? When it came to giving back what belonged to the church I won in court twice, but by fighting. How can I trust such people? So we have to enlighten the people.

Bacanu: Have the honest and the skilled people disappeared from this country and is that why the same activists and the same local nomenklaturists keep being elected?

Pimen: No, they haven't disappeared. Even among those who belonged to the nomenclatura there are people with healthy judgment. But we have enough reserves for promotion. We must drop those who seek to deceive and take advantage. It has been said in the press, it has been written, let through, and anyone who was tainted by the nomenclatura, out with them.

Bacanu: Why do the intellectuals not become more involved, even the priests?

Pimen: Hard to tell. They are probably disgusted by so much industry. And I am not because I am a priest, but they should be.

Bacanu: What happened would they not want to answer?

Pimen: I don't know. I am just a priest in the heat of the moment.

Bacanu: Thank you.

Gypsy Chieftain Condemns Violence, Discrimination

(JPRS-EBR-92-007) (1) 2. 1992

Telescu, ... (JPRS-EBR-92-007) (1) 2. 1992

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Telescu, ... (JPRS-EBR-92-007) (1) 2. 1992

Jekhethanibe/ Party of Artisan (Caldarari) and Nomadic Romi in Romania. Headquarters.

The artisan and nomadic Romi are a people apart with social characteristics that distinguish them from the others and about which most of us know nothing. In general they are all placed in the same category, and the term "Tigan" (although that is what they are and even they admit it) has acquired a pejorative connotation in common parlance. Of course, that is to a great extent due to the often antisocial behavior of some of them (especially the "homeland" ones, who no longer know their native language), to efforts to evade the laws of the state, or to the violent language and rows, to disturbances of the public peace, bad faith, and begging. Apparently that is why, King Ion Cioaba says, "Tigan" is an insulting term. We are not 'Tigani,' we are Romi! 'Tigan' is a term like Yid for the Jew. If you call a Rom a 'Tigan' he might throw you out of his house."

[Vintila] What does "Rom" mean, Mr. Cioaba?

[Cioaba] It is an appellation. "Rom" becomes "man, man" or "Look, man" in Romanian. That's it! There are about 14 kinds of us Gypsies of various descriptions: pastry cooks, silk traders, musicians, artisans, nomads, bear tamers, homeland ones, jewelers, painters, you see, and so forth.

[Vintila] Mr. Cioaba, it has been heard in the country that you are called "king of the Romi." What does that term mean to the Romi? Luminita Mihai, your oldest daughter, told us yesterday that it has no connection with the former ruling family of Hohenzollerns.

[Cioaba] We have nothing to do with King Michael! My father was the chieftain, which means king in our language. Since there are so many presidents now, president of a cooperative, president of a party, you can no longer get away from presidents. On 9 September 1991 I convened a congress of artisan Romi at Bistrita (a village in Costesti Commune, Vilcea County, in the Horezu area—our note) at which they told me, "Mr. Cioaba, we want to make a distinction now. We are no longer calling you chieftain as you were. We have modernized ourselves, and so from now on you are to be our king, king of the artisan Romi in Romania." All the artisan Romi in the whole country were there, including Nicolae Bobu and those leaders, and those from Timisoara (a tape recorder was constantly in operation on a table between Mr. Cioaba and us). And so that is the problem!

[Vintila] Yet with what words do the Romi address their king, Mr. Cioaba?

[Cioaba] The Romi say "Mr. King" or "Honored King."

[Vintila] But it appears that not all Romi acknowledge your capacity as king. One of them even said it is a real disgrace. What is your opinion about it?

[Cioaba] Please let it appear. Mr. Bobu Nicolae, a leader of the Romi, was expelled from the UDR [Democratic Union of Romi]. He made a deal there and abolished the

UDR and founded the General Union of Romi when I was in Switzerland and Mr. Onoriu was in the United States. How is such a thing possible? A congress must be held in order to disband a party, you see, and we must be present too. Mr. Bobu appointed himself president. On 15 September 1991 Mr. Bobu Nicolae threatened Mr. Gheorghe Nicolae, who is a deputy in Parliament, with knives, bayonets, and a pistol (?), brought him to Rimnicu Vilcea, held him in deserted quarters, and confined him. I am asking the authorities to take measures in this matter.

[Vintila] Some money was also mentioned.

[Cioaba] Yes, Mr. Bobu Nicolae asked Mr. Nicolae Gheorghe to give him 2 million. It was money brought from Germany as aid from the International Union of Romi. The U.S. Government also gave us \$10,000 to combat racism (!!!).

It is known that at the beginning of February 1990 a gang of Tigan attacked and mistreated several Romanian and Szekler youths in the Lunga quarter of Tirgu Secuiesc. The unexpected result of this "Romi commando" was tragic. The villainy of the Romi gang incited the fury of the Romanian, Hungarian and Szekler inhabitants. On 5 February they launched a "counteroffensive," resulting in the deaths of four Tigan, destruction of three Romi houses, and serious injuries to several members of the Tigan "commando." It seems that the "Ursari" are the most violent of all the tribes. They attack with knives in broad daylight and commit robberies. On Resurrection night in 1991 an Ursar from Bolintin Deal, Giurgiu County killed a Romanian student. Indignant Romanians and Romi masons set fire to and destroyed 22 houses and three passenger cars belonging to Ursari. In Ogrezeni, near Bolintin, another Ursar brutally beat up a Romanian. Some 3,000 residents of Bolintin and Agrezeni resorted to reprisals, destroying 14 houses. In Dirvari Commune, Mehedinti County, two Romi brothers started a row in a bar. A police private intervened in order to stop them. The Tigan attacked him and struck him with a club and a knife, endangering his life. They are being investigated, under arrest for attempt aggravated homicide. The Romi's representatives accused the local officials and authorities (mayors, police, a priest, teachers, and heads of companies) of involvement in various ways either in mounting the attacks or in tolerating the natives' attitude of driving Romi out of dwellings and villages. And the press is accused of presenting the conflicts between the Romi and the other natives in a partisan way that has contributed to the spread of bad attitudes toward the Romi in general and to the provocation of violent acts against certain groups of Romi. Deputy Nicolae Gheorghe, the Romi's representative in the Romanian Parliament (Mr. Ion Cioaba is an observer in the Senate) considers that "The authorities' attitude of tolerating and not punishing the collective aggressions to which the Romi's families have been subjected is one of the reasons for the escalation of racial violence against the Romi in Romania. Member of Parliament Nicolae Gheorghe also

pointed out that the Ethnic Federation of Romi petitioned the indictment of Emanoil Valeriu, general manager of Romanian Radio television for incitement to racial violence and public defamation of the Romi during the events on 13 June 1990. The petition, addressed to the Prosecutor's Office of Sector 1 of Bucharest municipality, was denied (File No. 2273/1990).

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[Text] [Vintila] Mr. Cioba, what is your opinion about the violence to which some Romi resorted and the reaction of the others?

[Cioba] We want an end to this hatred between Romanians and Romi because we have been living here for more than 600 years and we have picked no quarrel with the Romanians. Now, I don't know who is interfering and wants to disturb the peace. We do not acknowledge any fatherland other than Romania. We agree with the Constitution. Our people number about 3 million. Somebody wants to disrupt all our affairs (Yet Deputy Nicolae Ciheorghe states that "The Romi organizations have made investigations on their own account identifying several persons responsible for incitement to violence and aggression in Mihail Kogalniceanu Commune"—our note: I would call upon everyone to remain as we have been for more than 600 years and to be together both at work and in everything. If one of us has done something, let it be said who it is and not "the Tigani" meaning all of us).

[Vintila] You are right, Mr. Cioba, but you must know that when a Rom with a Romanian passport violates the law abroad the people there do not say "a Rom from Romania" but "Romanians."

[Cioba] Yes, they say so because he is a Romanian citizen. It is said that all Romi engage in profiteering and other things. Indeed they are profiteers, but has the Romanian state provided them with any pension? The state has given them nothing! Then, in order to make a living, the men sell cigarettes or anything to earn a penny.

[Vintila] But Mr. Cioba, in order to benefit by a pension it is necessary to have had an activity and a salary and to have paid union dues and contributed a monthly percentage.

[Cioba] Well yes, but look, now that law has come out with unemployment. Whom did they exclude? They excluded the Tigani alone. In Copsa Mica 80 percent of the workers are Tigani. (We note that the king of the Romi does not eschew the word Tigani.) They threw them out. We leaders want to do something good to help Romania. We don't want to be thieves and robbers in the country any more. We want to be honest people working for democracy. Our people would send their children to school but many of them have no material possibilities of it because they are poor and cannot clothe them. We must find a solution together with the authorities. I know

that if a man has schooling he has a different attitude toward life and work, and he is more stable. They can take qualifying courses and become engineers. Everything starts from school. Our Caldaran have businesses: plum brandy distillery, wheel balancers, plastics injection, and arcs. The Caldaran are people who do not lay a hand on anything. If they cheat you, they do so with a pair or some boiler, but they do not steal! The big problems are with the Ursari and homeland Romi, who no longer know the language and are in the majority. They don't want to be employed, they are at odds with the law, and they have all spent five, six, or 10 years in jail.

[Vintila] Why do you think, Mr. Cioba, that the Romanians blame the Tigani in general?

[Cioba] Well, everyone in the world is afraid of the hydrogen bomb, the neutron bomb, and rockets. Romanians are afraid of Tigani! Why? Because the Tigani are multiplying, the freedom since the revolution has helped them to get cars, they have houses, and they have all they need. And now, "May the neighbor's goat die." I think the government and the local authorities should help us employ them. In Timnava Commune, Sibiu County, for example, the mayor told me there were some Tigani in the village who were always starting rows in a restaurant and even committing rapes. Since they gave land to each one, there have been no more instances of it. Each one has an occupation and works in order to have what he needs at home. Therefore I would appeal to the authorities to give each one a hectare or two so that he will work. Land should be given according to the number of workers in each family. I am 100 percent convinced that the Romi would do no more harm if they were given land.

[Vintila] Mr. Cioba, do the Romi have some demographic policy of having many children for a certain purpose?

[Cioba] No, Mr. journalist, our people are not selfish, they have children! (The king himself has six, a boy and five girls! We will have an occasion to talk with Luminita Mihai, the oldest one).

[Vintila] Why don't the Romi get married, Mr. Cioba? It is known that many difficulties may arise in the absence of a marriage license. Even your wife is named Lucia Mihai and not Cioba.

[Cioba] I cannot abandon the tradition. Our Romi shun the oath. "Yes" said before the registrar of marriages is like an oath.

[Vintila] Are there mixed marriages?

[Cioba] It hasn't happened among the artisan and nomadic Romi, not even with the pastry cooks, wooden spoon makers, etc.

[Vintila] Mr. Cioba, which were the blackest periods in the Romi's experience?

[Cioaba] The worst days were in 1942 and 1944 when they deported us to Russia. I was seven years old when I was sent there with my parents (Up to a point, the mother of the king of the Romi was present at the interview.) When we returned to Romania, my Romi had nothing. They were barefoot and did not even have tents. Romania was their mother. The Romanians helped them into their homes. Therefore we say that the Romanians are like our brothers. Then, little by little, it was also a problem when they confiscated our gold. I don't think that even Ceausescu knew about it. Generals Nuta and Staicu did it. They created those problems with our gold. It wasn't bouillon but Austrian gold coins that could not be circulated, jewelry, necklaces.

[Vintila] We heard that you lent a helping hand, as they say, in connection with this gold. Is it true?

[Cioaba] Yes, when I came back from the United States at the time of the revolution, I assumed the leadership of the Romi. I went to Bucharest, to the CPUN [expansion not given], and requested the return of the Romi's gold. About 75-80 percent of it was returned to us. It was in the vault of the National Bank. I also went to the government and the president.

[Vintila] Did you get in to see the president and the government easily?

[Cioaba] Why shouldn't I get in? Now, I don't go to ask whether they have made their shoes, but only if there are definite problems.

We said that the king of the Romi has a boy and five girls. We conversed with the oldest girl, Luminita, several times during the interview with her father. She told us about the Indian origin of her countrymen, who came from India over 600 years ago, and the fact that they, the Caldarari in Romania, have kept their costume intact while those in the United States no longer have anything left of their original wear and dress in European style in the "latest fashion!" And she also declared, "It would be nice if our people would stop being ashamed of being Tigan! Look, I am never ashamed of being a Tigan

woman. On the contrary! I am glad I am a Tigan woman. I have friends in all the cities. I have always been well received where I have come into contact with Romanians and others." And the king's oldest daughter, Luminita Mihai, is a poet, author of stories and editor in chief of a literary journal printed in several colors, entitled *DIVANO ROMANO* (Word of the Romi), in which she has published several stories written with real talent which I have read and which help you to understand the soul and nature of the nomadic Romi ("The Palm," "The Birch Grove," "VERDEANA," and "The Lost Country"). We regret that space does not permit reproducing a few passages. It is more surprising to read her verses. I selected a few of them, other than the ones she would have wished because she did not offer us No. 4 of the journal, in which they are published. But I must tell you that Luminita Mihai graduated from the Octavian Goga Theoretical High School in Sibiu, a fact that is by no means insignificant because that is one of the greatest traditional schools in Cibir (as published, probably Sibiu) municipality. I chose them because they are reasonable: "I have to gather the autumn leaves/ collecting the gold of the wild greenery/ enamoured of the eye of heaven/ weeping through the bark in summer/ I will change it to dust/ it will be hidden by day/ and it will be in your sight by night/ some time you have to understand love/ I will stop time by a charm/ to make it a ladder/ night comes to you/ in autumn I have to gather/ in a silver basket/ greenery partly/ yellow after death/ I will hide the thought/ in an old oak/ so that you cannot see/ the trees weeping and the bough trembling."

[Vintila] Why do you think, Luminita Mihai, that your Romi will declare that they are Tigan! in the census in January 1992?

[Luminita] We are the most numerous after the Romanians, but I am afraid they will not declare themselves and we will come out in third or fourth place, etc.

P.S. Out of professional ethics, the reporter refrained, although tempted, from commenting on some of his interlocutor's statements. Therefore the readers are free to interpret the foregoing as they wish.

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01 May 1992